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**EMERALD RESOURCES NL**

**ACN 009 795 046**

**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 11:00 am (WST)  
**DATE:** Thursday, 25 November 2021  
**PLACE:** 1304 Hay Street  
WEST PERTH WA 6005

***The business of the Meeting affects your shareholding and your vote is important.***

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***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 Shareholders at 4:00pm (WST) on Tuesday, 23 November 2021.***

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2021 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

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#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2021."*

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

**Voting Prohibition Statement:**

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

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

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

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

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#### 3. RESOLUTION 2 – ELECTION OF DIRECTOR – MS BILLIE JEAN SLOTT

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

*"That, for the purpose of clause 3.3 of the Constitution, Listing Rule 14.4 and for all other purposes, Billie Jean Slott, a Director who was appointed as an additional Director on 4 October 2021, retires, and being eligible, is elected as a Director."*

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#### 4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR MICHAEL EVANS

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

*"That, for the purpose of clause 3.6 of the Constitution, Listing Rule 14.4 and for all other purposes, Michael Evans, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

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## 5. RESOLUTION 4 – ISSUE OF OPTIONS TO DIRECTOR – MR MICHAEL EVANS

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

*“That, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 500,000 Options to Michael Evans (or his nominee) under the Incentive Option Plan on the terms and conditions set out in the Explanatory Statement.”*

### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Mr Evans) or an associate of that person or those persons.

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

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

### **Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 6. RESOLUTION 5 – INCREASE IN AGGREGATE NON-EXECUTIVE DIRECTOR FEE POOL

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

*“That, pursuant to and in accordance with Listing Rule 10.17 and for all other purposes, the maximum total fees payable to non-executive Directors be increased from \$300,000 per annum to \$500,000 per annum on the terms and conditions in the Explanatory Statement.”*

### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any Directors or any associate of a Director, regardless of the capacity in which the vote is cast; or

As a proxy by a person who is a member of the Company’s Key Management Personnel at the date of the Meeting or their closely related parties.

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

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

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**7. RESOLUTION 6 – REPLACEMENT OF CONSTITUTION**

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

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

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**Dated: 15 October 2021**

**By order of the Board**

**Mark Clements  
Company Secretary**

## **Voting by proxy**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

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

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

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

## **Voting in person**

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To vote in person, Shareholders are able to attend the Meeting at the time, date and place set out above. In light of on the status of the evolving COVID-19 situation and easing of Government restrictions on public gatherings in place at the time of the Notice and the number of Shareholders that normally attend Shareholder meetings for the Company the Directors have made a decision that Shareholders will be able to physically attend the Meeting in person and accordingly, have arranged an appropriate meeting venue. If the Government restrictions and corresponding decision of the Director's changes prior to the Meeting the Directors will update Shareholders via the Company's website and ASX platform.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9286 6300.***

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2021 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.emeraldresources.com.au](http://www.emeraldresources.com.au).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

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

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

#### 2.3 Previous voting results

At the Company's previous annual general meeting the votes cast for the remuneration report considered at that annual general meeting were 99.86%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

## 2.4 Remuneration structure, policy and strategy

The Company has outlined its remuneration structure, policy and strategy in the Remuneration Report contained within the Annual Report for the year ended 30 June 2021.

In FY21 as Emerald continued its journey towards a resource producer, the Board sought to ensure that the remuneration structure, policy and strategy for the Executive team and employees were aligned with shareholder expectations and reflect the Company's strategy.

Since the last annual general meeting the Company has taken positive steps to engage with all key stakeholders including meeting with shareholders and liaising with proxy advisors. The Company has used this consultation process to fully understand the views of stakeholders and has sought to incorporate those views into the development of its remuneration strategy.

In FY21 the Company engaged The Reward Practice, an independent remuneration consultant, as Emerald looks to the future and the Company aims to continue to grow and mature towards becoming a multi-project resource producer and employer of choice. To attract and retain competent people for the right roles, the Board has sought to ensure that the remuneration strategy for the Executive team and broader staff base is progressive and consistent with the Company objectives and motivates them to grow the Company's long-term shareholder value. The Company's remuneration principles are set to align with business needs and market practice and implement a clear and consistent remuneration approach for the Company that could grow as development activities increase.

### **How to Measure the Success of the Philosophy?**

The Company measures the success of its Remuneration philosophy on;

- (a) The willingness of potential employees to join the Company to be part of a successful project, to be well rewarded and importantly to be part of a culture representing an employer of choice;
- (b) Zero or low staff turnover.

The Company has entered an important phase and we believe that the remuneration framework is appropriate and fit-for-purpose based on the Company's development and growth profile and to drive and deliver the outcomes desired by all shareholders.

The Company's key strategic objective at the start of FY21 was the development of and, ultimately, the production from the Company's Okvau Gold Project in Cambodia targeting safety, environment, sustainability and community. This was achieved following commissioning of the Okvau Gold Mine in June 2021. Given the Company's size and exploration and development stage for the majority of FY21, the Remuneration Committee focussed upon utilising the Company's Incentive Option Plan approved by shareholders on 25 November 2020 to provide long-term incentives for the key management personnel and senior management in FY21 to drive alignment of the Company's key objective to remuneration outcomes, rather than short-term cash incentives, which will be tied to performance against relevant targets in FY22.

In FY21 the Company remained resilient throughout the COVID-19 crisis. Construction activities were completed on budget and the first gold pour achieved on schedule despite the logistical challenges brought on by the global pandemic which is a testament to the skill and experience of the team the Company has assembled on site. There were no employees that had to be retrenched as a result of the global pandemic. To the contrary, employee and contractor numbers swelled during FY21 as the Company targeted commissioning of the Okvau Gold Mine by 4Q21.

The Company continues to prioritise the health and wellbeing of staff, contractors and stakeholders by maintaining stringent protocols to limit the impact of the COVID-19

pandemic on site. Travel between Australia and Cambodia continues to be restricted but is being managed through longer rosters and regional sourcing and the dedication of key employees on site at the Okvau Gold Mine. The Company recently achieved a significant milestone with the assistance of the Cambodian Ministry of Health by successfully completing the full site-wide vaccinating of all Okvau Gold Mine site staff.

## **2.5 Remuneration Outcomes for FY21**

Details of the remuneration outcomes for 2021 are summarised in the Remuneration Report contained within the Company's Annual Report for the year ended 30 June 2021 and below.

### **Executive fixed remuneration**

- (a) Fixed remuneration remains unchanged in 2021 for the Managing Director and Executive Director (Executive);
- (b) For other Key Management Personnel; the Chief Financial Officer's fixed remuneration remained unchanged.

### **Executive incentives**

- (a) Short-term incentives (STI): There were no short-term performance measures set for the Executive in 2021 and no cash bonuses paid on the basis the Board is of the opinion that the variable long-term remuneration provided to the Executive was sufficient given the Company's exploration and development stage during the majority of FY21, to align the interest of key management and staff with shareholders. Further, the Board resolved that it was prudent to ensure the Okvau Gold Mine was commissioned and in production prior to the issue of any cash STI's, which are planned for FY22 against relevant performance targets;
- (b) Long-term incentives (LTI): There were no options issued to directors or other Key Management Personnel during the year other than to the Chief Financial Officer, Brett Dunnachie and to the Executive Director, Michael Evans, who has been critical to the success of the construction and commissioning of the Okvau Gold Mine. Mr Evans' options were issued following shareholder approval at the Company's annual general meeting held 25 November 2020. Details of these options were included in the Notice of Annual General Meeting announced 6 October 2020. The resolution received more than 99% of 'Yes' votes.

### **Non-executive director (NED) remuneration**

- (a) No changes were considered necessary to NED fees in FY21 based on the Company's size and stage of growth.

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## **3. RESOLUTION 2 –ELECTION OF DIRECTOR – MS BILLIE JEAN SLOTT**

### **3.1 General**

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and Listing Rule 14.4, any Director so appointed holds office only until the next annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Ms Slott, having been appointed by other Directors on 4 October 2021 in accordance with the Constitution, will retire in accordance with the Constitution and Listing Rule 14.4 and being eligible, seeks election from Shareholders.



### **3.2 Qualifications and other material directorships**

(a) Biographical details

Ms Slott is well regarded in Cambodian legal and political circles where she has distinguished herself as a commercial and dispute resolution legal advisor over the past 16 years. She has represented both private companies and the Royal Government of Cambodia.

Ms Slott has been the legal advisor for the Company's 100% owned 2.0Mtpa Okvau Gold Project since 2006 (including its previous owners) and has been heavily involved in the regulatory process associated with the mine's development into a 100,000+ ounce per annum gold producing Okvau Gold Mine.

Other highlights of Ms Slott's Cambodian business achievements include the establishment of the Cambodian National Commercial Arbitration Centre, under appointment by the Royal Government of Cambodia. She was a founding member of the Cambodian mining association, CAMEC. Ms Slott has also distinguished herself by teaching Cambodian and international law in the areas of criminal law, civil procedure, and environmental law at American University of Phnom Penh where she is still legal counsel.

Prior to Cambodia Ms Slott worked as in-house counsel for an Australian civil engineering firm in East Timor, assisted Conoco Phillips on government relations issues (also in East Timor) and was legal advisor under the United Nations Transitional Authority in East Timor.

Ms Slott is a resident of California and member of the California State Bar.

(b) Other directorships

Ms Slott is not a director of another ASX listed company.

### **3.3 Independence**

Ms Slott has been the legal advisor for the Company's 100% owned 2.0Mtpa Okvau Gold Project since 2006 (including its previous owners) and has been heavily involved in the regulatory process associated with the mine's development into a 100,000+ ounce per annum gold producing Okvau Gold Mine and provides these services on a commercial arm's length basis. The Board is of the opinion that this relationship does not influence, or reasonably be perceived to influence, in a material respect her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company as a whole rather than in the interests of an individual security holder or other party. If re-elected the Board considers Ms Slott will be an independent director.

### **3.4 Other material information**

The composition of the Board has been structured so as to provide Emerald with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfill the business objectives of the Company.

The Board skills matrix is an important driver to formalise the Director nomination processes. It was applied during the reporting period for the independent Non-executive director position. The Board is of the opinion that Ms Slott has the relevant skills and expertise, including core corporate and industry experience to complement the existing skill sets on the Board.

The Company conducts appropriate checks on the background and experience of candidates before their appointment to the Board. These include checks as to a person's

experience, educational qualifications, character, criminal record and bankruptcy history. The Company undertook such checks prior to the appointment of Ms Slott.

Ms Slott has confirmed that she considers she will have sufficient time to fulfil her responsibilities as a Non-Executive Director of the Company and does not consider that any other commitment will interfere with her availability to perform his duties as a Non-Executive Director of the Company.

### **3.5 Board recommendation**

The Board and executive team have focused on developing the right culture across the organisation, with the right attributes, qualities and sharing a strong belief of the benefits of our engagement and development in Cambodia for our employees and the Cambodian people in general. Ms Slott has demonstrated these attributes as an advisor to the Okvau Gold Mine throughout the years. Further, the Board has reviewed Ms Slott's performance since her appointment to the Board and considers that Ms Slott's skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the election of Ms Slott and recommends that Shareholders vote in favour of Resolution 2.

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## **4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR MICHAEL EVANS**

### **4.1 General**

Listing Rule 14.4 and clause 3.6 of the constitution provide that, other than a managing director, a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is the longer. However, where there is more than one managing director, only one is entitled to be exempt from this rotation requirement.

Michael Evans, who has served as a Director since 3 October 2018 and was last re-elected on 26 November 2018, retires by rotation and seeks re-election.

### **4.2 Qualifications and other material directorships**

(a) Biographical details

Mr Michael Evans joined the Company as Chief Operating Officer in May 2016. He has over 30 years' experience in various mining and processing industries throughout Australia and Africa. Prior to joining the Company he spent 7 years with Regis Resources Ltd (ASX:RRL) firstly as Projects Manager and in April 2014 he was appointed as Chief Development Officer and was responsible for the construction of the processing plant at the Moolart Well, garden Well and Rosemont gold mines. Before that, Mr Evans spent 10 years with Equigold NL where he was instrumental in the construction of the Bonikro processing plan in Cote D'Ivoire. Since joining the Company, Mr Evans has developed a very strong understanding of the Okvau Project and has taken responsibility for all design, development and construction activities for the Project. In FY21 Mr Evans battled unprecedented challenges to remain categorically focused on meeting the Company's target of commissioning and first gold production from the Okvau Gold Mine on time and on budget, a transformational goal which has been achieved.

(b) Other directorships

Mr Evans is not a director of another ASX listed company.

### **4.3 Independence**

If re-elected the Board does not consider Mr Evans will be an independent director due to his executive role.

#### 4.4 Other material information

The composition of the Board has been structured so as to provide Emerald with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfill the business objectives of the Company.

The Board acknowledges that it is not comprised by a majority of independent directors. However, the Chairman is independent and two of the remaining five directors are independent. The Chairman also has a casting vote. The Board comprises directors who each have extensive technical, financial and commercial expertise. The Board has recently appointed an independent Non-executive director and as the Company continues its transition from an explorer to producer, the Board will set about identifying and assessing suitable independent Non-executive director candidates to complement the existing competencies of the Board to drive performance, create shareholder value and lead ethically by example.

#### 4.5 Board recommendation

The Company's key strategic objective at the start of FY21 was the development of and, ultimately, the production from the Company's Okvau Gold Project in Cambodia targeting safety, environment, sustainability and community. This was achieved following commissioning of the Okvau Gold Mine in June 2021 thanks to the enormous efforts of our experienced executive and management team led by Managing Director Morgan Hart and Executive Director, Michael Evans.

In FY21 the Company remained resilient throughout the COVID-19 crisis. Construction activities were completed on budget and the first gold pour achieved on schedule despite the logistical challenges brought on by the global pandemic which is a testament to the skill and experience of Mr Evans and the team assembled on site. There were no employees that had to be retrenched as a result of the global pandemic. To the contrary, employee and contractor numbers swelled during FY21 as the Company targeted commissioning of the Okvau Gold Mine by 4Q21.

Emerald recognises the importance of its people in building a strong and successful organisation, particularly in developing a new operation. To achieve this, we have focused on developing the right culture across the organisation, which is strongly based on a Board and executive team led by Morgan Hart and Michael Evans and key staff who demonstrate the right attributes, qualities and share a strong belief of the benefits of our engagement and development in Cambodia for our employees and the Cambodian people in general.

The Company continues to prioritise the health and wellbeing of staff, contractors and stakeholders by maintaining stringent protocols to limit the impact of the COVID-19 pandemic on site. Travel between Australia and Cambodia continues to be restricted but is being managed through longer rosters and regional sourcing and the dedication of key employees on site at the Okvau Gold Mine. As testament to Mr Evans' commitment, he remained on site for the last 13 months through to plant commissioning.

The Board has reviewed Mr Evans' performance since his appointment to the Board and considers that Mr Evans' skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the re-election of Mr Evans and recommends that Shareholders vote in favour of Resolution 3.

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## 5. RESOLUTION 4 – ISSUE OF INCENTIVE OPTIONS TO DIRECTOR – MICHAEL EVANS

### 5.1 General

As announced on 11 August 2021, the Company has agreed to issue 500,000 Options to Michael Evans (or his nominee) pursuant to the Company's Incentive Option Plan approved by shareholders on 25 November 2020 (**Incentive Option Plan**) and on the terms and conditions set out below (**Incentive Options**).

The Company's key strategic objective at the start of FY21 was the development of and, ultimately, the production from the Company's Okvau Gold Project in Cambodia targeting safety, environment, sustainability and community. This was achieved following commissioning of the Okvau Gold Mine in June 2021 thanks to the enormous efforts of our experienced executive and management team led by Managing Director Morgan Hart and Executive Director, Michael Evans.

Given the Company's size and exploration and development stage for the majority of FY21, the Remuneration Committee focussed upon utilising the Company's Incentive Option Plan approved by shareholders on 25 November 2020 to provide long-term incentives for the key management personnel and senior management in FY21 to drive alignment of the Company's key objective to remuneration outcomes, rather than short-term cash incentives, which will be tied to performance against relevant targets in FY22.

During 2H21, the Remuneration Committee, in conjunction with independent remuneration consultants, The Reward Practice, reviewed the Company's long-term incentive plan and considered it appropriate for the Company given its Remuneration philosophy.

The quantum of options awarded to Mr Evans was determined with consideration of the remuneration mix benchmarked at the 50th percentile following the recent commissioning and commencement of production at the Okvau Gold Mine, as approved by the Remuneration Committee and Board in conjunction with independent remuneration consultants, The Reward Practice and with reference to external remuneration analysis.

The exercise price of the options is determined on the basis of a 120% premium to the volume weighted average price (VWAP) in the preceding 30 days prior to the date of grant (29 July 2021). The granted LTI options vest after 24 months (50%) and 36 months (50%) subject to continued employment hurdles and expire five years from the time of the original option grant. Whilst 50% of the options have a vesting period less than the minimum three year vesting period suggested by some corporate governance guidelines, the Remuneration Committee and Board considers the vesting hurdles appropriate and reasonable for the Company's stage of growth and is consistent with the Company's timeframe of becoming an established resource producer and employer of choice in accordance with the Company's Remuneration philosophy.

The premium priced options granted require significant share price growth and employee retention for the LTI awards to result in tangible benefits to Mr Evans. There are no re-testing provisions under the long-term incentive structure and there are no adjustments to exercise prices, vesting conditions or term of the premium priced options once granted. Equity awards do not automatically vest in the event of a change of control or termination. On the resignation of the Executive, Key Management Personnel or staff, the options that have been issued as remuneration lapse within 1 to 3 months unless exercised.

## **5.2 Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 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 Incentive Options to Mr Evans (or his nominee) constitutes giving a financial benefit and Mr Evans is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Evans) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Incentive Options, because the agreement to issue the Incentive Options, reached as part of the remuneration package for Mr Evans, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

### **5.3 Listing Rule 10.14**

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire equity securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

- 10.14.1 a director of the entity;
- 10.14.2 an associate of a director of the entity; or
- 10.14.3 a person whose relationship with the entity or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by security holders.

The issue of Incentive Options to Mr Evans falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolution 5 seeks the required Shareholder approval for the issue of the Incentive Options under and for the purposes of Listing Rule 10.14.

### **5.4 Technical information required by Listing Rule 14.1A**

If Resolution 5 is passed, the Company will be able to proceed with the issue of the Incentive Options to Mr Evans under the Incentive Option Plan within three years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Incentive Options (because approval is being obtained under Listing Rule 10.14), the issue of the Incentive Options will not use up any of the Company's 15% annual placement capacity.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of the Incentive Options to Mr Evans under the Incentive Option Plan.

### **5.5 Technical information required by Listing Rule 10.15**

Pursuant to and in accordance with the requirements of Listing Rule 10.15, the following information is provided in relation to Resolution 5:

- (a) the Incentive Options will be issued to Mr Evans (or his nominee), who falls within the category set out in Listing Rule 10.14.1 by virtue of being a Director;
- (b) the maximum number of Incentive Options to be issued is 500,000;
- (c) the current total fixed remuneration package for Mr Evans is \$323,026, comprising of directors' fees/salary of \$301,331 and a superannuation payment of \$21,695. In addition Mr Evans received share-based payments of \$115,876. If the Incentive Options in Resolution 5 are issued, the total fixed remuneration package of Mr Evans will increase by approximately \$177,838 to \$500,864 being the value of the Incentive Options (based on the Black Scholes methodology as at the date of this Notice);
- (d) Mr Evans has previously been issued 1,000,000 unlisted options exercisable at \$0.67, expiring 30 July 2025 under the Incentive Option Plan and 500,000 unlisted options exercisable at \$0.434 (on a post-consolidation basis), expiring 5 June 2023 under the Company's previous incentive option plan approved by shareholders on 23 November 2017;

- (e) a summary of the material terms and conditions of the Incentive Options is set out in Schedule 1;
- (f) the Incentive Options are unquoted Options. The Company has chosen to issue Incentive Options to Mr Evans for the following reasons:
  - (i) the Incentive Options are unquoted, therefore, the issue of the Incentive Options has no immediate dilutionary impact on Shareholders;
  - (ii) the issue of Incentive Options to Mr Evans will align the interests of Mr Evans with those of Shareholders;
  - (iii) the issue of the Incentive Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Evans;
  - (iv) because of the deferred taxation benefit which is available to Mr Evans in respect of an issue of Options. This is also beneficial to the Company as it means Mr Evans is not required to immediately sell the Incentive Options to fund a tax liability (as would be the case in an issue of Shares where the tax liability arises upon issue of the Shares) and will instead, continue to hold an interest in the Company; and
  - (i) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Incentive Options on the terms proposed;
- (g) the Company values the Incentive Options at \$310,750 (being \$0.6215 per Incentive Option) based on the Black-Scholes methodology as at the date of this Notice. The basis for the value attributed to the Incentive Options is set out in Schedule 3;
- (h) if Resolution 4 is approved the Incentive Options will be issued to Mr Evans (or his nominee) no later than 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Incentive Options will be issued on one date;
- (i) the issue price of the Incentive Options will be nil, as such no funds will be raised from the issue of the Incentive Options (other than in respect of funds received on exercise of the Incentive Options);
- (j) a summary of the material terms and conditions of the Incentive Option Plan is set out in Schedule 2;
- (k) no loan is being made to Mr Evans in connection with the acquisition of the Incentive Options;
- (l) details of any Options issued under the Incentive Option Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (m) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Options under the Incentive Option Plan after Resolution 4 is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14; and
- (n) a voting exclusion statement is included in Resolution 4 of the Notice.

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## **6. RESOLUTION 5 – INCREASE IN AGGREGATE NON-EXECUTIVE DIRECTOR FEE POOL**

### **6.1 General**

Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

Directors' fees include all fees payable by the entity or any of its child entities to a non-executive director for acting as a director of the entity or any of its child entities (including attending and participating in any board committee meetings), superannuation contributions for the benefit of a non-executive director and any fees which a non-executive director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with an entity's constitution, or securities issued to a non-executive director under Listing Rules 10.11 or 10.14 with the approval of the holders of its ordinary securities.

Clauses 10.2 of the Constitution also provides that total aggregate remuneration payable to the non-executive Directors will not exceed the sum initially set by the Constitution and subsequently increased by ordinary resolution of Shareholders in a general meeting.

The maximum aggregate amount of fees payable to the non-executive Directors is currently set at \$300,000.

Resolution 5 seeks Shareholder approval for the purposes of clause 10.2 of the Constitution and Listing Rule 10.17 to increase the total aggregate amount of fees payable to non-executive Directors to \$500,000.

The maximum aggregate amount of fees proposed to be paid to non-executive Directors per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

### **6.2 Technical information required by Listing Rule 10.17**

If Resolution 5 is passed, the maximum aggregate amount of fees payable to the non-executive Directors will increase by \$200,000 to \$500,000. Whilst it is not envisaged that the maximum amount sought will be utilised immediately, the increase to maximum aggregate amount of fees payable may enable the Company to:

- (a) fairly remunerate both existing and any new non-executive directors joining the Board;
- (b) remunerate its non-executive Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates; and
- (c) have the ability to attract and retain non-executive directors whose skills and qualifications are appropriate for a company of the size and nature of the Company.

If Resolution 5 is not passed, the maximum aggregate amount of fees payable to non-executive Directors will remain at \$300,000. This may inhibit the ability of the Company to remunerate, attract and retain appropriately skilled non-executive directors.

In the past three years, the Company has not issued any Securities to non-executive Directors pursuant to Listing Rules 10.11 and 10.14.

### **6.3 Background**

#### **Remuneration Policy and Philosophy**

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, while incurring a cost that is acceptable to shareholders. In FY21, the Remuneration Committee and Board considered the advice from independent external remuneration consultants, The Reward Practice with references to other meaningful resource industry remuneration survey data such as the Aon and Governance Institute of Australia's Board & Executive Remuneration Report 2021 – Summary Report, July 2021 when undertaking the annual review process.

### **Board Composition**

The composition of the Board has been structured so as to provide Emerald with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfill the business objectives of the Company.

The Board acknowledges that it is not comprised by a majority of independent directors. However, the Chairman is independent and the Board comprises directors who each have extensive technical, financial and commercial expertise. As the Company transitions from an explorer to producer, the Board will set about identifying and assessing suitable independent Non-executive director candidates to complement the existing competencies of the Board to drive performance, create shareholder value and lead ethically by example.

### **Structure**

The current remuneration of non-executive Directors consists of directors' fees only. There were no additional committee fees paid in 2021. Peer analysis undertaken by the Company with reference to meaningful resource industry remuneration survey data in 2H21 suggests the payment of additional fees for serving on a committee to recognise the additional time commitment required by non-executive Directors is considered reasonable remuneration for those companies in the ASX 300. Further development of the fee structure for non-executive Director fees, including committee chair and member fees, may be considered as part of the Company's remuneration strategy designed to attract and retain talent on the Board as the Company seeks to achieve its goal as a multi-asset gold producer.

### **Proposed Increase**

The Company's constitution and the ASX Listing rules specify that the non-executive Director fee pool shall be determined from time to time by the general meeting.

Based on the future growth of the Company and the planned increase in number of independent Directors, the Company intends to seek approval to increase the aggregate fee pool from \$300,000 per annum to \$500,000 per annum.

This represents the first request for an increase in the non-executive Director fee pool for 10 years (since 2011).

The Board considers that it is reasonable and appropriate at this time to seek an increase in the remuneration pool for non-executive Directors for the following reasons:

- (a) the Company has successfully commissioned the Okvau Gold Mine and is entering a significant growth phase. The Company is investigating the potential for substantial increases in resources and reserves at and around Okvau and is seeking to discover further economic resources in the Company's large exploration licences in the wider region. The Company's goal is to become a multi-asset gold producer and we continue to assess viable global gold projects to accompany the Okvau Gold Mine. As such, the Board is identifying potential candidates for the roles of independent non-executive Director to consider diversity and complement the existing competencies of the Board to drive performance, create shareholder value and lead ethically by example;



- (b) upon review of meaningful external industry resource remuneration survey data in 2H21, the Company estimates an appropriate base fee for an independent non-executive Director of a company with a market capitalisation of around \$500 million, based on the 50th percentile is \$60,000 per annum and independent non-executive Chair is \$90,000 per annum with a committee Chair fee of \$10,000 per annum and a committee member fee of \$4,500 per annum;
- (c) the Company proposes to increase the base fees of non-executive Directors and may also establish committee Chair fees and member fees in accordance with meaningful external resource industry remuneration data, representing the first increase since 2011;
- (d) on guidance from Shareholders and proxy advisors, the proposed aggregate fee pool has been increased to take into account provision for the equivalent fee for an additional two non-executive Directors' base fees (and committee fees if applicable) to arrive at an aggregate number of \$500,000.

This proposed level of permitted fees does not mean that the Company must pay the entire amount approved as fees in each year. However, the Board considers that it is reasonable and appropriate to establish this amount as this will provide the Company with the flexibility to attract appropriately qualified non-executive Directors and to act quickly if the circumstances require it.

The remuneration of each Director for the year ended 30 June 2021 is detailed in the Annual Report.

The methodology for seeking the proposed increase is shown below.

2021	Base Fees	No.	Total
<b>Position</b>			
Non-Executive Chair	\$48,000	1	\$48,000
Other Non-Executive Directors	\$36,000	2	\$72,000
<b>Remuneration &amp; Nomination Committee</b>			
Chair	Nil	1	Nil
Committee Member	Nil	2	Nil
<b>Audit &amp; Risk Committee</b>			
Chair	Nil	1	Nil
Committee Member	Nil	2	Nil

Proposed	Base Fees	No.	Total
<b>Position</b>			
Non-Executive Chair	\$90,000	1	\$90,000
Other Non-Executive Directors	\$60,000	4	\$240,000
<b>Remuneration &amp; Nomination Committee</b>			
Chair	\$10,000	1	\$10,000
Committee Member	\$4,500	4	\$18,000
<b>Audit &amp; Risk Committee</b>			
Chair	\$10,000	1	\$10,000
Committee Member	\$4,500	4	\$18,000

#### 6.4 Board Recommendation

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

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## 7. RESOLUTION 6 – REPLACEMENT OF CONSTITUTION

### 7.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

Resolution 6 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules.

This will incorporate amendments to the Corporations Act and Listing Rules since the current Constitution was adopted in 2018.

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

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, 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 Company's website [www.emeraldresources.com.au](http://www.emeraldresources.com.au) and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 9286 6300). Shareholders are invited to contact the Company if they have any queries or concerns.

### 7.2 Summary of material proposed changes

#### **Restricted Securities (clause 2.12)**

The Proposed Constitution complies with the changes to Listing Rule 15.12 which took effect from 1 December 2019. As a result of these changes, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will permit the Company to issue restriction notices to holders of restricted securities in the form of the new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

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

On 24 January 2011, ASX amended Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 8.4 of the Proposed Constitution is being made to enable 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.

#### **Joint Holders (clause 9.8)**

CHESS is currently being replaced by ASX with a projected go-live date of April 2023. As part of the CHESS replacement, the registration system will be modernised to record

holder registration details in a structured format that will allow up to four joint holders of a security. Clause 9.8 of the Proposed Constitution provides that the number of registered joint holders of securities shall be as permitted under the Listing Rules and the ASX Settlement Operating Rules.

#### **Capital Reductions (clause 10.2)**

The Proposed Constitution now permits sales of unmarketable parcels to a sale nominee as part of a capital reduction.

#### **Direct Voting (clause 13, specifically clauses 13.35 – 13.40)**

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

#### **Use of technology (clause 14)**

The Proposed Constitution includes a new provision to permit the use of technology at general meetings to the extent permitted under the Corporations Act, Listing Rules and applicable law.

#### **Closing date for Director nominations (clause 15.3)**

On 19 December 2019, ASX amended Listing Rule 3.13.1 to provide that companies must release an announcement setting out the date of its meeting and the closing date for nominations at least 5 business days before the closing date for the receipt of such nominations. The closing date period under clause 15.3 of the Proposed Constitution has been amended to at least 30 business days to allow the Company time to issue the required notification for director nominations prior to circulating the notice of meeting.

#### **Dividends (clause 23)**

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

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

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

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

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## GLOSSARY

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\$ means Australian dollars.

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

**ASIC** means the Australian Securities & Investments Commission.

**Associated Body Corporate** means

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (a) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- (b) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**Board** means the current board of directors of the Company.

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

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means Emerald Resources NL (ACN 009 795 046).

**Constitution** means the Company's constitution.

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

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**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.

**Listing Rules** means the Listing Rules of ASX.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2021.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

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

**Shareholder** means a registered holder of a Share.

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

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## SCHEDULE 1 – TERMS AND CONDITIONS OF INCENTIVE OPTIONS

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1. Definitions:
- (a) **ASX Listing Rules** means the official listing rules of ASX Limited;
  - (b) **Company** means Emerald Resources NL (ACN 009 795 046).
  - (c) **Corporations Act** means Corporations Act 2001 (Cth) of Australia.
  - (d) **Exercise Price** means the amount payable on the exercise of each Incentive Option, being \$1.09.
  - (e) **Expiry Date** means 5.00pm (Perth time) on 29 July 2026.
  - (f) **Exercise Notice** means the form prescribed by the Company from time to time for the purpose of exercising Incentive Options.
  - (g) **Incentive Option** means an option to subscribe for a Share at the Exercise Price prior to the Expiry Date in the manner set out in these Terms and Conditions.
  - (h) **Incentive Option Holder** means the person or persons registered as the holder of one or more Incentive Options from time to time.
  - (i) **Share** means a fully paid ordinary voting share in the capital of the Company.
2. The Incentive Options will vest subject to the Incentive Option Holder remaining as a full time employee as at the vesting dates below:

Number of Incentive Options	Vesting Date
250,000	29 July 2023
250,000	29 July 2024

3. Each Incentive Option carries the right to subscribe for one Share.
4. Each Incentive Option is unlisted and is not transferable.
5. Upon vesting, and subject to any restrictions imposed by ASX on the exercise of Incentive Options, Incentive Options may be exercised by the Incentive Option Holder by delivering to the Company's registered office or the Company's share registry an Exercise Notice at any time prior to the Expiry Date.
6. The cashless exercise facility entitles a participant (subject to board approval) to elect not to pay the Incentive Option exercise price against the number of Shares which the participant is entitled to receive upon exercise of the participant's Incentive Options but instead be allotted a fraction of a Share calculated as the difference between the market value of the shares on exercise date and the Incentive Option exercise price, divided by the market value of the shares, multiplied by the number of Incentive Options exercised (rounded up to the next full number of Shares).
7. Each Exercise Notice must state the number of Incentive Options to be exercised and be accompanied by the relevant holding statement(s), if any, and payment (in Australian

currency) to the Company of an amount (the Application Monies) being the result of the Exercise Price multiplied by the number of Incentive Options being exercised.

8. Following receipt of a properly executed Exercise Notice and Application Monies in respect of the exercise of any Incentive Options, the Company will issue the resultant Shares and deliver notification of shareholdings.
9. Subject to any restrictions imposed by ASX, the Company will make application to have the Shares (issued pursuant to an exercise of Incentive Options) listed for quotation by ASX within 7 days of the date of issue.
10. Subject to any restrictions imposed by ASX, Shares issued pursuant to an exercise of Incentive Options shall rank, from the date of issue, pari passu with existing Shares in all respects.
11. Incentive Options carry no right to participate in pro rata issues of securities to shareholders unless the Incentive Options are exercised before the record date for determining entitlements to the relevant pro rata issue.
12. Each Incentive Option Holder will be notified by the Company of any proposed pro rata issue of securities to shareholders in accordance with ASX Listing Rules.
13. In the event of a reorganisation (including reconstruction, consolidation, subdivision, reduction, or return) of the capital of the Company, the terms of the Incentive Options will be changed to the extent necessary to comply with the requirements of the Corporations Act and ASX Listing Rules (in force at the time of the reorganisation).
14. Except as noted in paragraph 12 above, an Incentive Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Incentive Option can be exercised.
15. Any unvested options will lapse upon cessation of the Incentive Option Holder's cessation of employment and any vested options will lapse if not exercised within 3 months of the cessation of employment.
16. Subdivision 83A-C of the Income Tax Assessment Act 1997 applies to the Scheme/Offer unless the Offer provides otherwise.

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## SCHEDULE 2 – SUMMARY OF KEY TERMS OF INCENTIVE OPTION PLAN

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The material terms of the incentive option plan approved by shareholders on 25 November 2020 (**Incentive Option Plan**) are summarised below:

- (a) **Eligibility:** Participants in the Incentive Option Plan may be:
- (i) a Director (whether executive or non-executive) of the Company and any Associated Body Corporate of the Company (each, a **Group Company**);
  - (ii) a full or part time employee of any Group Company;
  - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (**Class Order**); or
  - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,
- who is declared by the Board to be eligible to receive grants of Options under the Incentive Option Plan (**Eligible Participant**).
- (b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant to apply for up to a specified number of Options, upon the terms set out in the Amended Plan and upon such additional terms and conditions as the Board determines.
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer in reliance on the Class Order, that the number of Shares to be received on exercise of Options offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Issue price:** Unless the Options are quoted on the ASX, Options issued under the Incentive Option Plan will be issued for no more than nominal cash consideration.
- (e) **Exercise price:** The Board may determine the exercise price (if any) for an Option offered under an offer under the Incentive Option Plan in its absolute discretion. To the extent the Listing Rules specify or require a minimum price, the Option exercise price must not be less than any minimum price specified in the Listing Rules.
- (f) **Cashless Exercise:** The cashless exercise facility entitles a participant (subject to board approval) to elect not to pay the Option exercise price against the number of Shares which the participant is entitled to receive upon exercise of the participant's Options but instead be allotted a fraction of a Share calculated as the difference between the market value of the shares on exercise date and the Option exercise price, divided by the market value of the shares, multiplied by the number of Options exercised (rounded up to the next full number of Shares).
- (g) **Vesting conditions:** An Option may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Option (**Vesting Conditions**).
- (h) **Vesting:** The Board may in its absolute discretion by written notice to a Participant (being an Eligible Participant to whom Options have been granted under the Incentive Option Plan or their nominee where the Options have been granted to the nominee of the Eligible Participant (**Relevant Person**), resolve to waive any of the Vesting Conditions applying to Options due to:



- (i) special circumstances arising in relation to a Relevant Person in respect of those Options, being:
  - (A) a Relevant Person ceasing to be an Eligible Participant due to:
    - (I) death or total or permanent disability of a Relevant Person;  
or
    - (II) retirement or redundancy of a Relevant Person;
  - (B) a Relevant Person suffering severe financial hardship;
  - (C) any other circumstance stated to constitute "special circumstances" in the terms of the relevant offer made to and accepted by the Participant;  
or
  - (D) any other circumstances determined by the Board at any time (whether before or after the offer) and notified to the relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant (**Special Circumstances**);  
or
    - (ii) a change of control occurring; or
    - (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.
- (i) **Lapse of an Option:** An Option will lapse upon the earlier to occur of:
  - (i) an unauthorised dealing in, or hedging of, the Option occurring;
  - (ii) a Vesting Condition in relation to the Option is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the Vesting Conditions and vest the Option in the circumstances set out in paragraph (h) or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;
  - (iii) in respect of unvested Option only, a Relevant Person ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Option in the circumstances set out in paragraph (I) or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;
  - (iv) in respect of vested Options only, a Relevant Person ceases to be an Eligible Participant and the Options granted in respect of that Relevant Person are not exercised within one (1) month (or such later date as the Board determines) of the date that Relevant Person ceases to be an Eligible Participant;
  - (v) the Board deems that an Option lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
  - (vi) the Company undergoes a change of control or a winding up resolution or order is made and the Board does not exercise its discretion to vest the Option; and
  - (vii) the expiry date of the Option.
- (j) **Not transferrable:** Subject to the Listing Rules, Options are only transferrable in Special Circumstances with the prior written consent of the Board (which may be withheld in

its absolute discretion) or by force of law upon death, to the Participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.

- (k) **Shares: Shares** resulting from the exercise of the Options shall, subject to any sale restrictions (refer to paragraph (I)), from the date of issue, rank on equal terms with all other Shares on issue.
- (l) **Sale restrictions:** The Board may, in its discretion, determine at any time up until exercise of Options, that a restriction period will apply to some or all of the Shares issued to a Participant on exercise of those Options (**Restriction Period**). In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such Restriction Period.
- (m) **Quotation of Shares:** If Shares of the same class as those issued upon exercise of Options issued under the Amended Plan are quoted on the ASX, the Company will, subject to the Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the disposal of Shares ends. The Company will not apply for quotation of any Options on the ASX.
- (n) **No participation rights:** There are no participation rights or entitlements inherent in the Options and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (o) **Change in exercise price or number of underlying securities:** An Option does not confer the right to a change in exercise price or in the number of underlying Shares over which the Option can be exercised.
- (p) **Reorganisation :** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), the terms of the Options will be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reorganisation.
- (q) **Amendments :** Subject to express restrictions set out in the Incentive Option Plan and complying with the Corporations Act, Listing Rules and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Incentive Option Plan, or the terms or conditions of any Option granted under the Incentive Option Plan including giving any amendment retrospective effect.

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**SCHEDULE 3 – VALUATION OF INCENTIVE OPTIONS**

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The Related Party Options to be issued to the Mr Evans pursuant to Resolution 4 and have been valued by internal management.

<b>Assumptions:</b>	
Valuation date	15 October 2021
Market price of Shares	\$1.02
Exercise price	\$1.09
Expiry date (length of time from issue)	29 July 2026
Risk free interest rate	1.015%
Volatility (discount)	80.0%
<b>Indicative value per Incentive Option</b>	62.15 cents
<b>Total Value of Incentive Options to be issued to Mr Evans</b>	\$310,750

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

Holder Number:

Your proxy voting instruction must be received by **11.00am (WST) on Tuesday, 23 November 2021**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

## SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

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

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



## SUBMIT YOUR PROXY VOTE BY PAPER

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

### YOUR NAME AND ADDRESS

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

### STEP 1 – APPOINT A PROXY

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

### DEFAULT TO THE CHAIR OF THE MEETING

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

### STEP 2 - VOTES ON ITEMS OF BUSINESS

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

### APPOINTMENT OF SECOND PROXY

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

### SIGNING INSTRUCTIONS

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

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

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

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

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

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

### CORPORATE REPRESENTATIVES

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

<b>Contact</b>	<b>Return your completed form</b>			<b>All enquiries to Automic</b>		
	<b>BY MAIL</b> Automic GPO Box 5193 Sydney NSW 2001	<b>IN PERSON</b> Automic Level 5, 126 Phillip Street Sydney NSW 2000	<b>BY EMAIL</b> meetings@automicgroup.com.au <b>BY FACSIMILE</b> +61 2 8583 3040	<b>WEBCHAT</b> https://automic.com.au/	<b>PHONE</b> 1300 288 664 (Within Australia) +61 2 9698 5414 (Overseas)	

<b>STEP 1: Appoint Your Proxy</b>	<p><b>Complete and return this form as instructed only if you do not vote online</b></p> <p>I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of Emerald Resources NL, to be held at <b>11.00am (WST) on Thursday, 25 November 2021 at 1304 Hay Street, West Perth WA 6005</b> hereby:</p> <p><b>Appoint the Chairman of the Meeting (Chair)</b> OR if you are not appointing the Chairman of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.</p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>
	<p><b>The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.</b></p> <p>Unless indicated otherwise by ticking the “for,” “against” or “abstain” box you will be authorising the Chair to vote in accordance with the Chair’s voting intention.</p>
	<p><b>AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS</b></p> <p>Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 4 and 5 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 4 and 5 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.</p>

<b>STEP 2: Your Voting Direction</b>	<b>Resolutions</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
	1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. Election of Director – Ms Billie Jean Slott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3. Re-Election of Director – Mr Michael Evans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	4. Issue of Options to Director – Mr Michael Evans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	5. Increase in Aggregate Non-Executive Director Fee Pool	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	6. Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<i><b>Please note:</b> If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.</i>			

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<b>STEP 3: Sign Here + Contact Details</b>	<b>SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED</b>		
	Individual or Securityholder 1	Securityholder 2	Securityholder 3
	Sole Director and Sole Company Secretary	Director	Director / Company Secretary
	Contact Name:		
	Email Address:		
Contact Daytime Telephone		Date (DD/MM/YY)	
By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).			