
BROOKSIDE ENERGY LIMITED

ACN 108 787 720

NOTICE OF ANNUAL GENERAL MEETING

TIME: 11:00 AM (WST)

DATE: 29 July 2020

PLACE: Suite 9,
330 Churchill Avenue
Subiaco WA 6008

This Notice of Annual General 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.

Should you wish to discuss the matters in this Notice of Annual General Meeting please do not hesitate to contact the Company Secretary Loren King on +61 8 6489 1600.

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 11:00 AM on 27 July 2020.

IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 11:00 AM on 29 July 2020 at Suite 9, 330 Churchill Avenue, Subiaco WA 6008.

Your vote is important

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

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

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 2001* (Cth) (**Corporations Act**), registered holders of a share (**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 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the *Corporations Act*, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that the *Corporations Act* requires 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 of the meeting, who must vote the proxies as directed.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 31 December 2019 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

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 31 December 2019.”

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.

3. RESOLUTION 2 – ELECTION OF DIRECTOR – MR RICHARD HOMSANY

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 13.3 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Richard Homsany, a Director who was appointed by the Board to fill a casual vacancy on 3 February 2020, retires, and being eligible, is elected as a Director.”

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

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

“That, for the purposes of clause 13.2 of the Constitution, ASX Listing Rule 14.5 and for all other purposes, Mr Michael Fry, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE – ADVISOR SHARES

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

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,500,000 Shares to Spark Plus Pte. Ltd on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Spark Plus Pte. Ltd or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 5 – APPROVAL OF THE DIRECTORS’ FEE SACRIFICE EQUITY PLAN AND THE ISSUE OF PLAN SHARE RIGHTS AND SHARES ON THE EXERCISE OF PLAN SHARE RIGHTS UNDER THE DIRECTORS’ FEE SACRIFICE EQUITY PLAN

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

“That pursuant to ASX Listing Rule 7.2 (exception 13), ASX Listing Rule 10.14 and for all purposes, approval is given for the Directors’ Fee Sacrifice Equity Plan and for the grant of Plan Share Rights and the issue of Shares on the exercise of the Plan Share Rights to all current Directors, on the terms described in the Explanatory Statement accompanying this Notice of Meeting”

Voting Prohibition Statement: For the purposes of Section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a Director or any of their Associates.

However, this prohibition will not apply if:

- (a) it is cast by a person as a proxy appointed in writing for a person who is entitled to vote and the Proxy Form specifies how the proxy is to vote on the Resolution; or
- (b) it is not cast on behalf of a Director or any of their Associates.

Further, in accordance with Section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.
However, this prohibition will not apply if:
 - (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Please note: If the Chair is a person referred to in the Section 224 Corporations Act voting prohibition stated above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed as proxy in writing and the Proxy Form specifies how the proxy is to vote on the relevant Resolution.

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

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 6 – APPROVAL OF 10% PLACEMENT CAPACITY

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

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

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 holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. RESOLUTION 7 – 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 for identification purposes.”

Dated: 25 June 2020

By order of the Board



**Michael Fry
Chairman**

EXPLANATORY STATEMENT

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.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 December 2019 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.brookside-energy.com.au.

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

Under changes to the Corporations Act which came into effect on 1 July 2011, 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 against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – ELECTION OF DIRECTOR – MR RICHARD HOMSANY

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 ASX Listing Rule 14.4, any Director so appointed holds office only until the next following 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.

Mr Richard Homsany, having been appointed by other Directors on 3 February, in accordance with the Constitution, will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

3.2 Qualifications and other material directorships

Mr Richard Homsany

Mr Homsany is an experienced corporate lawyer and Certified Practising Accountant (CPA) with significant experience in the resources and energy sectors.

Mr Homsany is Executive Chairman of ASX listed uranium exploration and development company Toro Energy Limited (ASX:TOE) and Executive Vice President, Australia of TSX listed uranium exploration company Mega Uranium Ltd (TSX:MGA) and the principal of Cardinals Lawyers and Consultants, a West Perth based corporate and resources law firm. Richard is also the Chairman of ASX listed copper exploration company Redstone Resources Limited (ASX:RDS), ASX listed lithium developer Galan Lithium Ltd (ASX: GLN) and TSX-V listed gold and iron ore explorer Central Iron Ore Limited (TSX-V:CIO). He is also Chairman of the Health Insurance Fund of Australia Ltd (HIF).

3.3 Independence

If elected the Board considers Mr Richard Homsany will be an independent director.

3.4 Board recommendation

The Board supports the election of Mr Richard Homsany and recommends that Shareholders vote in favour of Resolution 2.

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

4.1 General

ASX Listing Rule 14.5 provides that an entity which has directors must hold an election of directors at each annual general meeting.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Michael Fry, who has served as a director since 20 April 2004 and was last re-elected on 31 May 2017, retires by rotation and seeks re-election.

4.2 Qualifications and experience

Michael Fry holds a Bachelor of Commerce degree from the University of Western Australia, is a Fellow of the Financial Services Institute of Australasia, and is a past member of the Australian Stock Exchange. Michael has extensive corporate and commercial experience, financial and capital market knowledge and a background in corporate treasury management.

4.3 Other Material Directorships

Michael is currently non-executive chairman of Technology Metals Australia Limited (ASX:TMT).

4.4 Independence

If elected the Board considers Mr Michael Fry will be an independent director.

4.5 Board Recommendation

The Directors support the re-election of Mr Fry and recommends that Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE – ADVISOR SHARES

5.1 General

On 20 February 2020, the Company issued 2,500,000 Shares to Spark Plus Pte. Ltd (**Spark Plus**) in consideration for services provided by Spark Plus Pte. Ltd to the Company.

The Company issued the Shares the subject of this Resolution without prior Shareholder approval out of its 15% annual placement capacity.

This Resolution seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made

pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

5.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 2,500,000 Shares were issued;
- (b) the Shares were issued at a deemed issue price of \$0.008 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to Spark Plus Pte. Ltd, which is not a related party of the Company;
- (e) no funds were raised from this issue as the Shares were issued in consideration for services provided to the Company by Spark Plus; and
- (f) the Shares were issued on 20 February 2020.

5.3 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 4 as it provides the Company with the flexibility to issue, subject to the limits under the ASX Listing Rules, further securities during the next 12 months without Shareholder approval.

6. RESOLUTION 5 - APPROVAL OF THE DIRECTORS' FEE SACRIFICE EQUITY PLAN AND THE ISSUE OF PLAN SHARE RIGHTS AND SHARES ON THE EXERCISE OF PLAN SHARE RIGHTS UNDER THE DIRECTORS' FEE SACRIFICE EQUITY PLAN

6.1 Background

The Board proposes to implement an equity-based Plan for Directors to receive Plan Share Rights (either directly or through a nominee) in the Company by electing to salary sacrifice a proportion or all of annual cash remuneration on a voluntary basis. The Plan Share Rights are rights to be issued Shares in the Company which Shares will have restrictions on their disposal. No consideration is payable for the grant of Plan Share Rights under the Plan, or on exercise of the Plan Share Rights under the Plan as participation in the Plan to acquire Plan Share Rights requires a Director to salary sacrifice a percentage of existing remuneration to which the Director is otherwise entitled

If approved by Shareholders at this Meeting, the rules for this Plan will govern the operation and administration of the Plan (Rules). The Rules will be an 'employee incentive scheme' for the purposes of the ASX Listing Rules and are summarised below and in **Annexure A**.

The Plan gives greater flexibility to the Company's remuneration framework and to ensure that the Company can continue to attract, retain and reward Directors and to ensure that the interests of the Directors and the Shareholders are aligned.

6.2 Corporations Act Requirements

The Directors have considered the application of Chapter 2E of the Corporations Act to the grant of Share Rights to the Directors. As the Directors may elect to forego a percentage of the cash payment of fees and those fees are within the shareholder approved aggregate pool of directors' fees, it has been determined that the financial benefit given by offering Directors the opportunity to salary sacrifice to acquire Plan Share Rights, at no greater cost to the Company, constitutes reasonable remuneration to the Directors given:

- (a) the circumstances of the Company; and
- (b) the Directors' roles and responsibilities at the Company.

Given the above, the Company will rely on the exception contained in section 211(1) of the Corporations Act and is not seeking Shareholder approval pursuant to section 208 of the Corporations Act in addition to the approval being sought under the ASX Listing Rules. Furthermore, the Company will also rely on the exception contained in section 210 of the Corporations Act that shareholder approval is not required as it has been determined that the financial benefit given by offering Directors the opportunity to salary sacrifice to acquire Plan Share Rights, at no greater cost to the Company is on terms that are reasonable on the circumstances if the Company and each Director were dealing at arm's length.

6.3 Listing Rule 10.14

Approval is also sought under Listing Rule 10.14 which provides that an entity must not permit a director of an entity, or his or her associate, to acquire equity securities under an employee incentive scheme (such as the Plan) without the approval of Shareholders.

In order for a Director to acquire Plan Share Rights (and hence Restricted Shares on the exercise of such rights), the Company must obtain Shareholder approval pursuant to ASX Listing Rule 10.14.

ASX Listing Rule 10.16(c) provides that ASX Listing Rule 10.14 does not apply to an issue of equity securities in satisfaction of a right to acquire such securities granted to directors under an employee incentive plan unless the right was issued with the approval of Shareholders under ASX Listing Rule 10.14. If Resolution 5 is passed at the Meeting, the issue of Shares upon the exercise of Plan Share Rights issued under the Plan will not therefore require further Shareholder approval.

Approval under Listing Rule 7.1 is not required in order to issue the Plan Share Rights to Directors or their nominees under the Plan as approval is being obtained under Listing Rule 10.14 (Listing Rule 7.1 Exception 14).

Listing Rule 10.15 sets out the disclosure requirements for seeking Shareholder approval under ASX Listing Rule 10.14

A summary of the Plan is set out in **Annexure A**.

6.4 Listing Rule 7.2 (Exception 13) and Listing Rule 10.15 Disclosure Requirements

The following information is provided in relation to Resolution 5 for the purposes of Listing Rule 7.2 (Exception 13) and Listing Rule 10.15:

- (a) The current Directors to whom this Plan would apply are Messrs Michael Fry, David Prentice and Richard Homsany. As Directors, ASX Listing Rule 10.14.1 applies to Messrs Fry, Prentice and Homsany. As at the date of this Notice of Meeting, no other persons referred to in ASX Listing Rule 10.14, apart from these Directors, will be entitled to elect to participate in the Plan to acquire Plan Share Rights on the terms set out in the Explanatory Statement. Directors who are appointed or elected after Resolution 5 is approved will become entitled to elect to participate in the Plan but will not be permitted to do so until after any Shareholder approval required under ASX Listing Rule 10.14 (or otherwise under chapter 10 of the ASX Listing Rules) is obtained, or ASX grants a waiver from this requirement. There is no guarantee that a waiver will be applied for or, if sought, granted.
- (b) If approved, the maximum number of Plan Share Rights (and hence Restricted Shares) that may be issued under the Plan on an annual basis will not exceed the value of annual fees payable to each of the Directors as set out below, which are the total remuneration packages of Messrs Fry, Prentice and Homsany as follows:
- (i) Chairman (Michael Fry): \$50,000;
 - (ii) Managing Director (David Prentice): \$120,000 (as announced to ASX on 20 April 2020 this will revert to the previously agreed amount of \$180,000 effective from 1 July 2020); and
 - (iii) Non-Executive Director (Richard Homsany): \$40,000.

A Plan Share Right granted to a Director entitles the Director to be issued one (1) Restricted Share on exercise of a vested Plan Share Right. The Plan Share Rights will be issued under the terms of the Plan. Plan Share Rights under the Plan will accrue monthly and will be issued quarterly in arrears.

The exact number of Shares that will be issued under the Plan cannot be precisely calculated at this time, as it depends on the proportion of the annual Director fee that is settled in Plan Share Rights under the Plan.

In addition, the number of Plan Share Rights issued will depend on the value represented by an amount equal to the VWAP of Shares calculated for the last 5 trading days of the month in respect of which the Director's Annual Remuneration accrued (or if there are no Share trades, the last traded Share price). If each Director elected to receive the maximum number of Plan Shares (being the full amount of their annual fees excluding superannuation), and based on the 5 day VWAP as at the date of this Notice of \$0.007, the maximum number of Plan Share Rights that would be issued under the Plan would be 31,428,571 Plan Share Rights, however the Plan provides that the maximum number of Plan Share Rights that can be issued under the Plan following Shareholder approval is 100,000,000. Further Shareholder approval is required to be obtained before this maximum number can be changed.

- (c) Participation in the Plan and the percentage of the Director's Annual Remuneration that the Director wishes to receive (either directly or through his Nominee) in Plan Share Rights depends on whether the offer and level of participation offered by the Company is accepted by the Director in the form of a Participation Agreement. The period for which the sacrifice applies is a minimum of 3 months and a maximum of 12 months. An entitlement to Plan Share Rights will accrue to Participants on a monthly basis.

As such, neither the precise number nor the maximum number of Plan Share Rights (and Shares on their exercise) to be issued under the Plan can be ascertained in advance.

However, the number of Plan Share Rights to be issued to a Participant will be calculated monthly in arrears after the Director's Annual Remuneration being sacrificed has accrued and will equal, for each Participant, the number calculated after dividing the dollar value of the Director's Annual Remuneration sacrificed by that Participant by the Plan Share Price, which in relation to a month in which Annual Remuneration is accrued, an amount equal to the VWAP of Shares calculated for the last 5 trading days of the month in which the Annual Remuneration accrued or, if there are no Share trades, the last traded Share price.

- (d) The Company intends to commence operation of the Plan with effect from the date of the Meeting in the event of Shareholder approval of Resolution 5.
- (e) No consideration is payable for the grant of Plan Share Rights under the Plan, or on exercise of the Plan Share Rights under the Plan as participation in the Plan to acquire Plan Share Rights requires a Director to salary sacrifice a percentage of existing remuneration to which the Director is otherwise entitled.
- (f) As at the date of the Meeting no Plan Share Rights (nor therefore any Restricted Shares on their exercise) will have been issued to any of Messrs Fry, Prentice or Homsany, or to any other person, under the Plan.
- (g) Details of any Plan Share Rights issued under the Plan will be published in each annual report of the Company relating to the period in which they have been issued together with a statement that approval for the issue of the Plan Share Rights was obtained under Listing Rule 10.14.
- (h) No loans have or will be made by the Company in connection with the grant of Plan Share Rights to any Director.
- (i) The Board will use reasonable endeavours to issue Plan Share Rights within 10 Business Days of the end of each calendar quarter in the event a Participation Agreement is entered into with a Director and in any case, no later than three years after the date of the Meeting.
- (j) The value the Company attributes to each Plan Share Right is the ASX closing price of the Shares on the date the Plan Share Rights are issued multiplied by the number of Plan Share Rights issued.
- (k) In addition to the purposes of the Plan (refer to Annexure A, Plan Share Rights are proposed to be issued to Directors who, upon invitation of the

Board, agree to participate in the Plan to allow the Directors to salary sacrifice their fees and defer the taxing point of any Plan Share Rights issued to them.

- (l) Subject to the passage of Resolution 5, any Plan Share Rights granted on the terms set out in the Explanatory Statement (or Shares issued on the vesting and exercise of such Plan Share Rights) will not count towards calculating the Company's 15% capacity to issue shares under ASX Listing Rule 7.1.

7. RESOLUTION 6 – APPROVAL OF 10% PLACEMENT CAPACITY

7.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

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

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$7.012 million (based on the number of Shares on issue and the closing price of Shares on the ASX on 10 June 2020).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has two classes of quoted Equity Securities on issue, being the Shares (ASX Code: BRK) and quoted Options (ASX Code: BRKOA).

If Shareholders approve this Resolution, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and
 - (iv) less the number of Shares cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

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

7.2 Technical information required by ASX Listing Rule 7.1A

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

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section (b)(i) below, the date on which the Equity Securities are issued.

(b) Date of Issue

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

- (i) 12 months after the date of this Meeting; and

- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

(c) Risk of voting dilution

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

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

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 10 June 2020.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.0035 50% decrease in Issue Price	\$0.007 Issue Price	\$0.0105 50% increase in Issue Price
1,296,862,500 (Current Variable A)	Shares issued - 10% voting dilution	129,686,250 Shares	129,686,250 Shares	129,686,250 Shares
	Funds raised	\$453,902	\$907,804	\$1,361,706
1,945,293,750 (50% increase in Variable A)	Shares issued - 10% voting dilution	194,529,375 Shares	194,529,375 Shares	194,529,375 Shares
	Funds raised	\$680,853	\$1,361,706	\$2,042,558
2,593,725,000 (100% increase in Variable A)	Shares issued - 10% voting dilution	259,372,500 Shares	259,372,500 Shares	259,372,500 Shares
	Funds raised	\$907,804	\$1,815,608	\$2,723,411

* The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are 1,001,721,875 Shares on issue as the date of this Notice.
2. There are 295,140,625 Options (ASX:BRKOA) on issue as at the date of this Notice, all of which are assumed to have been exercised into Shares.
3. The issue price set out above is the closing price of the Shares on the ASX on 10 June 2020.

2. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
3. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
4. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
7. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
8. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

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

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments, continued exploration expenditure on the Company's current assets and general working capital; or
- (ii) as non-cash consideration for the acquisition of new resources assets and investments including previously announced acquisitions in such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 17 May 2019 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to its Previous Approval under ASX Listing Rule 7.1A.

During the 12 month period preceding the date of the Meeting, being on and from 29 July 2019, the Company otherwise issued a total of 2,500,000 Shares which represents approximately 0.2% of the total diluted number of Equity Securities on issue in the Company on 29 July 2019, which was 1,294,362,500 Equity Securities.

Further details of the issues of Equity Securities by the Company during the 12-month period preceding the date of the Meeting are set out in **Annexure B**.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

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

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

7.3 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an

issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on this Resolution.

8. RESOLUTION 7 – REPLACEMENT OF CONSTITUTION

8.1 General

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

Resolution 7 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 the ASX Listing Rules.

This will incorporate amendments to the Corporations Act and the ASX Listing Rules since the current constitution was adopted upon the Company's incorporation.

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 in nature. The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory 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.brookside-energy.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 6489 1600). Shareholders are invited to contact the Company if they have any queries or concerns.

8.2 Summary of material proposed changes

(a) Restricted Securities (clause 2.12)

The Proposed Constitution complies with the proposed changes to ASX Listing Rule 15.12 which came into effect in December 2019. Under this change, ASX requires 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. However, for less significant holdings (such as non-related parties and non-promoters), ASX will instead permit the Company to issue restriction notices to holders of restricted securities in the form of a new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

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

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

Clause 8.4 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.

(c) **Direct voting (clauses 13-34 – 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.

(d) **Partial (proportional) takeover provisions (new clause 36)**

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.

8.3 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 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 of their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the

Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

(c) **Knowledge of any acquisition proposals**

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

(d) **Potential advantages and disadvantages of proportional takeover provisions**

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation as to 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 proportion of their Shares at a premium; and
- (iii) the likelihood of a proportional takeover bid succeeding may be reduced.

8.4 Board Recommendation

The Directors do not believe that 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 7.

GLOSSARY

\$ means Australian dollars.

10% Placement Capacity has the meaning given in Section 7.1.

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

ASIC means the Australian Securities & Investments Commission.

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

ASX Listing Rules means the Listing Rules of ASX.

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 Brookside Energy Limited (ACN 108 787 720).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

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

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

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

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.

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

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Proposed Constitution has the meaning given to it in Section 8.1.

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 31 December 2019.

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

Securities means a Share or an Option.

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

Shareholder means a registered holder of a Share.

Spark Plus means Spark Plus Pte. Ltd (Singapore UEN 201628360M).

VWAP means volume weighted average price.

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

ANNEXURE A – SUMMARY OF THE RULES OF THE DIRECTORS' FEE SACRIFICE EQUITY PLAN

- (1) **Purpose** The objective of this Plan is to preserve the Company's cash reserves, facilitate the acquisition of Plan Share Rights that can be exercised into Shares by Directors serving on the Board in a manner that will align their interests with shareholders and provide Directors with the flexibility to choose to receive part or whole of their annual remuneration in the form of Plan Share Rights which can be exercised into Shares. Its purpose is also to ensure that the Company can continue to attract, retain and motivate skilled and experienced Directors.
- (2) **Eligibility** All of the Company's existing Directors and their nominees (**Nominees**) are eligible to participate in the Plan. Any additional people who become Directors, and are therefore eligible to participate in the Plan, will not be able to participate until either (i) Shareholder approval to the additional Director is obtained under Listing Rule 10.14 or (ii) ASX grants a waiver of this Listing Rule. There is no guarantee such a waiver will be granted or applied for.
- (3) **Entitlement** The Board may make an invitation to a Director under the Plan to receive (either directly or through a Nominee) part or all his or her total annual remuneration excluding Superannuation Guarantee contributions (**Annual Remuneration**) in the form of Plan Share Rights. Each individual Director may receive no more than 100% of their remuneration in Plan Share Rights.
- (4) **Plan Share Rights** One Plan Share Right can be exercised into one Share.
- (5) **Grant of Plan Share Rights** The rights to be issued to a Director, based on the amount of Board fees to be sacrificed on a pre-tax basis, will be in the form of Plan Share Rights (which are fully vested immediately on the date of grant), which the Board will use reasonable endeavours to issue within 10 Business Days of the end of each calendar quarter in the event a Participation Agreement under the Plan is entered into and in any case, no later than three years after the date of the Meeting.
- (6) **Participation Agreement** The Board must give to each Director it invites to participate under the Plan a participation agreement (**Participation Agreement**) to complete, sign and return to the Company, which will contain:
 - (a) the percentage of the Director's Annual Remuneration that may be sacrificed for Plan Share Rights (as applicable), that can be no more than as permitted under the Plan and the Listing Rules (**Nominated Percentage**);
 - (b) the period for which the sacrifice applies (which is a minimum of 3 months and a maximum of 12 months), including proposed commencement date; and
 - (c) provisions to allow the Director to nominate a Nominee through which to participate in the Plan and to provide any such Nominee's name and address.

By completing, signing and returning to the Company the Participation Agreement given to a Director, the Director and any Nominee offers to participate under the Plan and, on acceptance by the Board of the offer, a contract is formed between the Company, the Participant and the Director. The Board may, in its absolute discretion, accept or reject this offer and is under no

obligation to provide a Director with any reason for doing so. The Board must provide written notification to the Director of its decision to accept or reject the offer within 5 Business Days after the receipt of the offer.

- (7) **Participant** Upon acceptance of the Participation Agreement by the Board, the Director (and his or her Nominee) becomes a participant in the Plan (Participant) and agrees to be bound by the Rules and, from the time of issue of any Shares under the Plan, to be bound by the constitution of the Company.
- (8) **Termination of participation** The participation of a Participant in the Plan will terminate upon:
 - (a) the Participant (or in the case of a Nominee, the appointing Director) ceasing to be a director;
 - (b) the Board terminating the participation of the Participant; or
 - (c) the Director providing a notice in writing to this effect to the Company.
- (9) **Resignation as Director** In the event that a Participant, or the Director for whom the Participant is a Nominee, resigns as a director, the Company must issue to the Participant (in respect of the quarter in which he resigns), the pro rata number of Plan Share Rights for the period of the quarter (as applicable under the Participation Agreement) prior to the resignation.
- (10) **Accrual of Plan Share Rights** An entitlement to Plan Share Rights will accrue to Participants on a monthly basis.
- (11) **Timing of issue** The Company will issue and allot Plan Share Rights to the Participants under the Plan on a quarterly basis, within 10 Business Days of the end of each calendar quarter, in respect of a relevant Participation Agreement.
- (12) **Number of Plan Share Rights to be granted** The number of Plan Share Rights to be issued to a Participant will be calculated monthly in arrears after the Director's Annual Remuneration being sacrificed has accrued and will equal, for each Participant, the number calculated after dividing the dollar value of the Director's Annual Remuneration sacrificed by that Participant by the Plan Share Price.
- (13) **Plan Share Price** in relation to a month in which Annual Remuneration is accrued, an amount equal to the volume weighted average price per Share traded on the ASX over the last five (5) trading days of the month in which the Annual Remuneration accrued, or, if there were no such trades in that period of time, an amount equal to the last traded price per Share.
- (14) **Board's discretion in relation to the issue** If at any time the Board determines that the allocation of Plan Share Rights to a Director under the Plan would result in the Company contravening the Corporations Act, the Listing Rules, the Constitution, or any applicable local laws, or is otherwise inappropriate in the circumstances, the Board must not issue the Plan Share Rights. The Board may defer the allocation of Plan Share Rights for a maximum of 6 months, pay to the Director in cash the corresponding amount of his or her annual Director fee, or terminate the Director's participation in the Plan.
- (15) **Plan Share Rights may not be disposed of or transferred or encumbered** Plan Share Rights may not be disposed of or transferred or otherwise dealt with and lapse immediately on any purported disposal, transfer or dealing unless the transfer is

effected by operation of law on death or legal incapacity to the Participant's legal personal representative.

- (16) **Vesting of Rights** Plan Share Rights granted under these Rules will be fully vested on the date of grant.
- (17) **Exercise of Rights** Unvested Plan Share Rights may not be exercised. To exercise a vested Plan Share Right, the Participant must deliver a signed Notice of Exercise at any time on or prior to the Expiry Date. A holding of Plan Share Rights can be exercised in whole or in part at any time up to and including the Expiry Date on exercise of a Plan Share Right, the Board will issue one Share for each Plan Share Right to Participants. The Shares that result from the exercise of Plan Share Rights are Plan Shares.
- (18) **Expiry Date** means, in relation to a Plan Share Right, the date on which the first to occurs of the following:
- (a) a Participant (or where applicable, the Related Director) resigns as a Director.
 - (b) the end of the 15-year period commencing when the Participant was issued the Plan Share Right.
- (19) **Restrictions on issue of Plan Shares** If, as a result of any applicable law or the Company's Share Trading Policy, a Plan Share cannot be issued, the Plan Share will then be issued as soon as such an issue can be made in compliance with all applicable laws and the Share Trading Policy. If the issue of Plan Shares is postponed following their due date for issue, the number of Plan Shares to be issued will not change despite the fact that the prevailing Share price may rise or fall during the postponed period.
- (20) **Disposal restrictions attached to Shares** All Plan Shares acquired by Participants as a consequence of the exercise of Plan Share Rights may not be sold or disposed of in any way until such time as their disposal would not breach either the Company's Share Trading Policy, or Division 3 of Part 7.10 of the Corporations Act. The Company may impose a CHES holding lock on Plan Shares to ensure the Participant does not sell them earlier than permitted under the Rules.
- (21) **No hedging** A Participant must not enter an arrangement with anyone if that arrangement would have the effect of limiting the Participant's exposure to risk in relation to Plan Share Rights or Plan Shares.
- (22) **Plan Share entitlements** Plan Share Rights do not carry any voting rights in the Company, do not confer any right to participate in the surplus profits or assets of the Company upon winding up of the Company and do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (23) **Bonus issues, rights issues and capital reorganisation** Participants holding Plan Share Rights will be treated in a manner that does not advantage or disadvantage them compared with other Shareholders in the event of a bonus issue, rights issue and/or capital reorganisation.
- (24) **Cessation of office of Director** If a Participant, or the Director for whom the Participant is a Nominee, ceases to be a Director any unexercised Plan Share Rights held by that Participant will be exercised automatically the day following

cessation, and the Board will act to remove any CHES holding lock applied by the Company to Plan Shares held by or on behalf of the Participant, unless otherwise determined by the Board and notified to the Participant in order to comply with all applicable laws and the Company's Share Trading Policy.

- (25) **Rights attaching to Plan Shares** The Plan Shares issued on the exercise of Plan Share Rights will rank equally, in relation to dividends, voting and all other rights, with all other existing Shares.
- (26) **Quotation of Plan Shares on ASX** If Plan Shares are in the same class as Shares which are listed on the ASX, the Company will apply for quotation of the Plan Shares issued within the time required by the Listing Rules after the date of issue.
- (27) **Employee Share Scheme taxing provisions to apply** Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth) applies to all Plan Share Rights and Plan Shares under this Plan.
- (28) **Registration** Plan Share Rights issued under the Plan (and Plan Shares issued on their exercise) must be registered in the name of the Participant. As soon as practicable after the issue of any Plan Share Rights or Plan Shares, the Company must issue a holding statement in the name of the Participant that specifies the number of Plan Share Rights or Plan Shares issued to that Participant.
- (29) **Suspension and termination of the Plan** The Plan may be suspended at any time by the Board. The period of suspension is at the discretion of the Board. The Board may terminate the operation of the Plan at any time by resolution of the Board. The suspension or termination of the Plan will not prejudice the existing rights of Participants (and where applicable, the Related Directors).
- (30) **Administration** The Plan will be administered by the Board, (or the Board may appoint another party to administer the Plan on its behalf) and the Board is authorised to establish such guidelines for the administration of the Plan as it deems appropriate in its sole discretion, with the Board's decisions being final and binding on all participants.
- (31) **Board's discretion and final decision** Except as otherwise expressly provided in the Plan, the Board has absolute and unfettered discretion to act or refrain from acting under or in accordance with the Plan and in the exercise of any power or discretion under the Plan. A decision of the Board as to the interpretation, effect or application of the Rules will be final and conclusive, and binding on all Participants
- (32) **Maximum number of Plan Share Rights that can be issued** The maximum number of Plan Share Rights that can be issued under this Plan with Shareholder approval (which Shareholder approval is in addition to the Shareholder approval to originally approve the Plan) is 100,000,000.
- (33) **Limitation under *Income Tax Assessment Act 1997* (Cth)** Despite any other provision of these Rules, no Participant is entitled to be issued Plan Share Rights under this Plan if, before or immediately after that person is issued with the Plan Share Rights the person and their associates holds a beneficial interest in more than 10% of the total Shares on issue or that would be on issue if all Plan Share Rights issued under the Plan were exercised, and the person and their associates are in a position to cast, or to control the casting of, more than 10% of the maximum number of votes that might be cast at a general meeting of the Company if all Plan Share Rights issued under the Plan were exercised.

- (34) **Board determinations and amendments to the Plan** The Board may at any time by written instrument or by resolution amend all or any of the provisions of the Rules. However, no amendment may reduce a Participant's existing rights in respect of any invitation that had commenced prior to the date of the amendment other than:
- (d) with the Participant's consent.
 - (e) for the purpose of complying with law, or regulation, or Listing Rules.
 - (f) to correct a manifest error or mistake.
 - (g) to address possible adverse tax consequences for the Company or Participants generally.
- (35) **Not exclusive method of remuneration** This Plan is not the exclusive method of providing remuneration to Directors and does not preclude it from authorising or approving other forms of remuneration.
- (36) **No right to retain Office** Neither the establishment of the Plan nor the entry into of a Participation Agreement nor the payment of an award nor the vesting of Plan Share Rights or any other action under the Plan shall be held to confer upon any Participant, or the Director for whom the Participant is a Nominee, the right to continue to hold office as Director or affect any rights the Company may have to remove the Participant, or the Director for whom the Participant is a Nominee, from the office of Director.
- (37) **Relationship to other plans** Participation in this Plan does not affect participation in or payment under any other plan of the Company, except as otherwise determined by the Board.
- (38) **Governing law** the Rules are governed by the laws of Western Australia and the Commonwealth of Australia.

ANNEXURE B – ISSUES OF EQUITY SECURITIES SINCE 10 JUNE 2019

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
Issue - 20 February 2020 Appendix 3B - 8 February 2020	2,500,000	Shares ²	Spark Plus Pte. Ltd	\$0.008 per Share No discount to market price (Shares trading at \$0.007)	Consideration: Fees payable in consideration for services provided pursuant to the terms of a services agreement with Spark Plus. Current value ³ = \$17,500

Notes:

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: BRK (terms are set out in the Constitution).
3. In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.007) or Options (BRKOA) (\$0.001) as the context requires on the ASX on 10 June 2020. In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market-based performance conditions (i.e. conditions linked to the price of Shares).