

# Notice of Annual General Meeting and Explanatory Memorandum

**Saturn Metals Limited** ACN 619 488 498

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Date of Meeting: Thursday, 26 November 2020

Time of Meeting: 3.30pm (Perth time)

Place of Meeting: The Celtic Club,  
48 Ord St, West Perth, Western Australia 6005

# Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of **Saturn Metals Limited ACN 619 488 498 (Saturn or Company)** will be held at The Celtic Club, on Thursday, 26 November 2020 at 3.30pm (Perth time).

Terms used in this Notice of Meeting are defined in section 10 (Interpretation) of the accompanying Explanatory Memorandum.

## Agenda

### Ordinary business

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#### Financial Reports

To receive and consider the Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to and forming part of the financial statements for the Company for the financial year ended 30 June 2020.

#### 1. Remuneration Report

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To consider and, if thought fit, pass the following Resolution, with or without amendment, as an Advisory Resolution of the Company:

*"That the Remuneration Report for the year ended 30 June 2020 (as set out in the Annual Report) is adopted."*

The vote on this Resolution 1 is advisory only and does not bind the Directors or the Company.

**Voting restriction pursuant to section 250R(4) of the Corporations Act**

A vote on this Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

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

However, the above persons may cast a vote on Resolution 1 if:

- the person does so as a proxy;
- the vote is not cast on behalf of a member of the KMP details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member; and
- either:
  - the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
  - the voter is the chair of the meeting and the appointment of the chair as proxy:
    - does not specify the way the proxy is to vote on the Resolution; and
    - expressly authorises the chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company or, if the Company is part of a consolidated entity, for the entity.

**Voting intention of the Chair**

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 1, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair may change his/her voting intention on any Resolution, in which case an ASX announcement will be made. Further details, in relation to the ability of the Chair to vote on undirected proxies are set out in the accompanying proxy form.

# Notice of Annual General Meeting

## 2. Election of Brett Lambert as a Director

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To consider and, if thought fit, pass the following Resolution, with or without amendment, as an Ordinary Resolution of the Company:

*“That Brett Lambert, a Director who was appointed on 9 April 2020, retires in accordance with Clause 14.4 of the Company’s Constitution and for the purposes of Listing Rule 14.4 and, being eligible, is elected as a Director of the Company.”*

## 3. Re-Election of Andrew Venn as a Director

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To consider and, if thought fit, pass the following Resolution, with or without amendment, as an Ordinary Resolution of the Company:

*“That Andrew Venn, who retires by rotation in accordance with Clause 14.2 of the Company’s Constitution and for the purposes of Listing Rule 14.4 and, being eligible, offers himself for re-election, is re-elected as a Director of the Company.”*

## 4. Ratification of prior issue of 15% Placement Shares

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To consider and, if thought fit, pass the following Resolution, with or without amendment, as an Ordinary Resolution of the Company:

*“That, in accordance with Listing Rule 7.4, and for all other purposes, the Shareholders ratify the prior issue of, under Listing Rule 7.1, 13,192,902 Shares in the Company (**15% Placement Shares**) on the terms and conditions set out in the Explanatory Memorandum.”*

<p><b>Voting exclusion statement</b></p> <p>The Company will disregard any votes cast in favour of this Resolution 4 by or on behalf of:</p> <ul style="list-style-type: none"><li>• a recipient of the 15% Placement Shares and any other person who participated in, or who obtained a material benefit as a result of, the issue (except a benefit solely by reason of being a holder of Shares in the entity); and</li><li>• an associate of those persons.</li></ul> <p>However, this does not apply to a vote cast in favour of this Resolution by:</p> <ul style="list-style-type: none"><li>• a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;</li><li>• the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or</li><li>• a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:<ul style="list-style-type: none"><li>- 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</li><li>- the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.</li></ul></li></ul>
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## 5. Ratification of prior issue of 10% Placement Shares

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To consider and, if thought fit, pass the following Resolution, with or without amendment, as an Ordinary Resolution of the Company:

*“That, in accordance with Listing Rule 7.4, and for all other purposes, the Shareholders ratify the prior issue of, under Listing Rule 7.1A, 7,318,928 Shares in the Company (**10% Placement Shares**) on the terms and conditions set out in the Explanatory Memorandum.”*

# Notice of Annual General Meeting

## **Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution 5 by or on behalf of:

- a recipient of 10% Placement Shares and any other person who participated in, or obtained a material benefit as a result of, the issue (except a benefit solely by reason of being a holder of Shares in the entity; and
- an associate of those persons.

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

- a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - 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
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **6. Issue of Performance Rights to Ian Bamborough**

To consider and, if thought fit, pass the following Resolution, with or without amendment, as an Ordinary Resolution of the Company:

*“That in accordance with Listing Rule 10.14, sections 195(4) and 208 of the Corporations Act, and for all other purposes, the Company be authorised to issue 388,000 Performance Rights on the terms and conditions set out in the Explanatory Memorandum to Ian Bamborough (or nominee) who is a Director of the Company as described in the Explanatory Memorandum.”*

## **Voting restriction pursuant to section 250BD of the Corporations Act**

As Resolution 6 is connected directly or indirectly with the remuneration of a member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity), pursuant to section 250BD of the Corporations Act, a vote on Resolution 6 must not be cast by:

- any member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity); or
- a Closely Related Party of such KMP,

who is appointed as a Shareholder's proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on this Resolution 6.

However, the Company need not disregard a vote on this Resolution 6 if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote and the Shareholder expressly authorises the person chairing the meeting to exercise the proxy even if this Resolution 6 is connected directly or indirectly with the remuneration of a member of the KMP for the Company, or if the Company is part of a consolidated entity, for the entity.

## **Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution 6 by or on behalf of:

- a person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question; and
- an associate of those persons.

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

- a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - 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
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

# Notice of Annual General Meeting

## 7. Issue of Performance Rights to Brett Lambert

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To consider and, if thought fit, pass the following Resolution, with or without amendment, as an Ordinary Resolution of the Company:

*“That, subject to and conditional upon the passing of Resolution 2, for the purposes of ASX Listing Rule 10.14, sections 195(4) and 208 of the Corporations Act, and for all other purposes, approval is given for the Company to issue 99,000 Performance Rights on the terms and conditions set out in the Explanatory Memorandum to Brett Lambert (or nominee) who is a Director of the Company as described in the Explanatory Memorandum.”*

### **Voting restriction pursuant to section 250BD of the Corporations Act**

As Resolution 7 is connected directly or indirectly with the remuneration of a member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity), pursuant to section 250BD of the Corporations Act, a vote on Resolution 7 must not be cast by:

- any member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity); or
- a Closely Related Party of such KMP,

who is appointed as a Shareholder’s proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on this Resolution 7.

However, the Company need not disregard a vote on this Resolution 7 if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote and the Shareholder expressly authorises the person chairing the meeting to exercise the proxy even if this Resolution 7 is connected directly or indirectly with the remuneration of a member of the KMP for the Company, or if the Company is part of a consolidated entity, for the entity.

### **Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution 7 by or on behalf of:

- a person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question; and
- an associate of those persons.

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

- a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - 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
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 8. Issue of Performance Rights to Andrew Venn

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To consider and, if thought fit, pass the following Resolution, with or without amendment, as an Ordinary Resolution of the Company:

*“That, subject to and conditional upon the passing of Resolution 3, for the purposes of ASX Listing Rule 10.14, sections 195(4) and 208 of the Corporations Act, and for all other purposes, approval is given for the Company to issue 71,000 Performance Rights on the terms and conditions set out in the Explanatory Memorandum to Andrew Venn (or nominee) who is a Director of the Company as described in the Explanatory Memorandum.”*

# Notice of Annual General Meeting

## **Voting restriction pursuant to section 250BD of the Corporations Act**

As Resolution 8 is connected directly or indirectly with the remuneration of a member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity), pursuant to section 250BD of the Corporations Act, a vote on Resolution 8 must not be cast by:

- any member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity); or
- a Closely Related Party of such KMP,

who is appointed as a Shareholder's proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on this Resolution 8.

However, the Company need not disregard a vote on this Resolution 8 if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote and the Shareholder expressly authorises the person chairing the meeting to exercise the proxy even if this Resolution 8 is connected directly or indirectly with the remuneration of a member of the KMP for the Company, or if the Company is part of a consolidated entity, for the entity.

## **Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution 8 by or on behalf of:

- a person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question; and
- an associate of those persons.

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

- a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - 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
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **9. Issue of Performance Rights to Robert Tyson**

To consider and, if thought fit, pass the following Resolution, with or without amendment, as an Ordinary Resolution of the Company:

*“That in accordance with Listing Rule 10.14, sections 195(4) and 208 of the Corporations Act, and for all other purposes, the Company be authorised to issue 71,000 Performance Rights on the terms and conditions set out in the Explanatory Memorandum to Robert Tyson (or nominee) who is a Director of the Company as described in the Explanatory Memorandum.”*

# Notice of Annual General Meeting

## **Voting restriction pursuant to section 250BD of the Corporations Act**

As Resolution 9 is connected directly or indirectly with the remuneration of a member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity), pursuant to section 250BD of the Corporations Act, a vote on Resolution 9 must not be cast by:

- any member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity); or
- a Closely Related Party of such KMP,

who is appointed as a Shareholder's proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on this Resolution 9.

However, the Company need not disregard a vote on this Resolution 9 if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote and the Shareholder expressly authorises the person chairing the meeting to exercise the proxy even if this Resolution 9 is connected directly or indirectly with the remuneration of a member of the KMP for the Company, or if the Company is part of a consolidated entity, for the entity

## **Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution 9 by or on behalf of:

- a person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question; and
- an associate of those persons.

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

- a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - 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
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **Special business**

### **10. Approval to issue an additional 10% of the issued capital of the Company**

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To consider and, if thought fit, pass the following resolution, as a Special Resolution of the Company:

*"That, pursuant to and in accordance with Listing Rule 7.1A, and for all other purposes, the Shareholders approve the issue of Equity Securities of 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, over a 12 month period from the date of the Meeting, at a price not less than that determined pursuant to Listing Rule 7.1A.3 and otherwise on the terms and conditions in the Explanatory Memorandum (Additional Placement Securities)."*

# Notice of Annual General Meeting

## **Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution 10 by or on behalf of:

- any person who is expected to participate in, or who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of Shares if this Resolution 10 is passed); and
- an associate of that person.

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

- a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - 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
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **Other Business**

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To consider any other business that may be brought before the Meeting in accordance with the Company's Constitution.

### **Explanatory Memorandum**

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of General Meeting.

### **Snapshot Time**

Regulation 7.11.37 of the Corporations Regulations 2001 permits the Company to specify a time, not more than 48 hours before the Meeting, at which a "snapshot" of Shareholders will be taken for the purposes of determining Shareholders' entitlements to vote at the Meeting.

The Directors have determined that all Shares of the Company on the register as at 4.00 pm (Perth time) on Tuesday, 24 November 2020 shall, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time.

### **Poll**

All Resolutions shall be conducted by poll, as they are all resolutions relating to the ASX Listing Rules.

### **Proxies**

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form for the Meeting provides further details on appointing proxies and lodging the Proxy Form. Proxies must be returned by 3.30pm (Perth time) on Tuesday, 24 November 2020.

### **Voting by Proxy**

A Shareholder can direct its proxy to vote for, against or abstain from voting on each resolution by marking the appropriate box in the Voting Directions section of the proxy form. If a proxy holder votes, they must cast all votes as directed. Any directed proxies that are not voted will automatically default to the Chairman, who must vote the proxies as directed.



# Notice of Annual General Meeting

If the Chairman is to act as your proxy in relation to the meeting (whether by appointment or by default) and you have not given directions on how to vote by marking the appropriate box in the Voting Directions section of the proxy form, the Chairman intends to vote all valid undirected proxies in respect of each of the Resolutions in favour of the relevant resolution.

The current COVID-19 situation ought not impact on shareholders' ability to attend the meeting, however, if that changes shareholders will be advised and the Company would then strongly encourage shareholders to lodge a directed proxy, and to appoint the Chairman as your proxy, instead of attending the meeting. Shareholders should take account of any applicable COVID-19 restrictions as applicable at the meeting date, and as may be directed at the meeting.

If you are in any doubt as to how to vote, you should consult your professional adviser.

## **Voting Online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)**

Please see the accompanying Proxy Form for instructions as to how to lodge your proxy, including lodging on-line.

## **Corporate Representative**

If a representative of a Shareholder corporation is to attend the Meeting, a "Corporate Representative Certificate" should be completed and produced prior to the meeting. Please contact the Company's Share Registry for a pro forma certificate if required.

By Order of the Board  
Saturn Metals Limited



**Ryan Woodhouse**  
Company Secretary  
12 October 2020

# Explanatory Memorandum

## 1. Introduction

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This Explanatory Memorandum is provided to Shareholders of Saturn Metals Limited ACN 619 488 498 (**Company**) to explain the Resolutions to be put to Shareholders at the Annual General Meeting to be held at Celtic Club on Thursday, 26 November 2020 commencing at 3.30pm (Perth time).

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum are defined in section 10.

## 2. Consider the Company's Annual Report

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The Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to and forming part of the financial statements for the Company and for the financial year ended 30 June 2020 was released to the ASX Limited on 12 August 2020 and subsequently dispatched to shareholders as required.

Shareholders can access a copy of the Company's Annual Report at:

<https://saturnmetals.com.au/wp-content/uploads/2020/08/STN-Financial-Report-2020-Final-Release.pdf>.

The Company's Annual Report is placed before the Shareholders for discussion and a reasonable opportunity will be provided for discussion. No voting is required for this item.

## 3. Resolution 1 - Remuneration Report

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The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding advisory resolution in accordance with section 250R of the Corporations Act.

The Remuneration Report is set out in the Directors' Report section of the Annual Report. The Report, amongst other things:

- (a) explains the Board's policy for determining the nature and amount of remuneration of Key Management Personnel of the consolidated entity;
- (b) explains the relationship between the Board's remuneration policy and the Company's performance;
- (c) sets out remuneration details for each Key Management Personnel of the consolidated entity including details of performance related remuneration and any options or other securities granted as part of remuneration; and
- (d) details and explains any performance conditions applicable to the remuneration of Key Management Personnel of the Company.

The Board believes the Company's remuneration policies and structures as outlined in the Remuneration Report are appropriate relative to the size of the Company, its business and strategic objectives and current and emerging market practices.

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

# Explanatory Memorandum

The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this Resolution. In accordance with the Corporations Act, a vote on this Resolution is advisory only and does not bind the Directors or the Company.

There are restrictions on members of the Key Management Personnel and their Closely Related Parties and their proxies voting (in any capacity) on Resolution 1, details of which are set out in the voting restriction statement included in Resolution 1 of the Notice of Meeting.

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 1 subject to compliance with the Corporations Act. In exceptional circumstances, the Chair may change his/her voting intention on any Resolution, in which case an ASX announcement will be made.

## **4. Resolution 2 - Election of Brett Lambert as a Director**

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In accordance with ASX Listing Rule 14.4 and Clause 14.4 of the Company's Constitution, the Directors may appoint any person to be a Director, either as an addition to the existing Directors or to fill a casual vacancy. However, any such appointment concludes at the next annual general meeting following the appointment. The Director is then eligible for election but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting. Mr Lambert was appointed as a Director to fill a casual vacancy on 9 April 2020.

Brett Lambert retires in accordance with ASX Listing Rule 14.4 and Clause 14.4 of the Company's Constitution and, being eligible, offers himself for re-election as a Director.

Mr Lambert is a mining engineer and experienced company director. He has over 35 years' involvement in the Australian and international resources industry encompassing exploration, mining operations, project development, business development and corporate administration. Mr Lambert commenced his professional career with Western Mining Corporation in Kalgoorlie and progressed to a Senior Management role. Since leaving WMC, Mr Lambert has held executive positions with a number of junior and mid-tier resource companies, including more than 10 years at CEO/managing director level. Currently Mr Lambert serves as Non-Executive Chairman of Mincor Resources NL (ASX:MCR) and Metal Hawk Limited (expected ASX listing November 2020) and Non-Executive Director of Australian Potash Limited (ASX:APC). Mr Lambert has been a director of the Company since 9 April 2020.

The Directors (with Mr Lambert abstaining) recommend that you vote in favour of this Ordinary Resolution.

## **5. Resolution 3 – Re-Election of Andrew Venn as a Director**

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In accordance with Clause 14.2 of the Company's Constitution, at every annual general meeting, one third of the directors in office (other than any managing director) must retire by rotation and are eligible for re-election. In addition, pursuant to ASX Listing Rule 14.4, no director may hold office without re-election beyond the third annual general meeting following the meeting at which the director was last re-elected.

Mr Venn has over 20 years mining industry experience and currently holds a senior executive position with DDH1 Drilling Pty Ltd, a major mining contractor. Mr Venn has previously held senior positions across financing and operations for Argonaut Limited, Orica Mining Services and ICI Explosives and is a Fellow of the Financial Services Institute of Australia. Mr Venn has been a director of the Company for 3 years and was appointed on 21 September 2017.

Mr Andrew Venn therefore retires at the annual general meeting in accordance with the Constitution and being eligible, has offered himself for re-election at the meeting.

# Explanatory Memorandum

The Directors (with Mr Venn abstaining) recommend that you vote in favour of this Ordinary Resolution.

## 6. Resolutions 4 - Ratification of prior issue of 15% Placement Shares

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### 6.1 Introduction

As announced on 14 September 2020, the Company successfully placed to professional, sophisticated and other investors 13,192,902 Shares at an issue price of \$0.67 to raise \$8,839,244.34 (**15% Placement Shares**), together with a further 7,318,928 Shares at an issue price of \$0.67 to raise \$4,903,681.76 (**10% Placement Shares**), being an aggregate raising of \$13.743 million. The 15% Placement Shares (and 10% Placement Shares) were issued on 22 September 2020. The proceeds of the 15% Placement, together with existing cash reserves and the 10% Placement provide substantial funding to continue drilling geared towards delivering additional upgrades to the Apollo Hill Mineral Resource. This issue was undertaken within the Company's capacity under Listing Rule 7.1.

### 6.2 Listing Rule 7.4

In accordance with Listing Rule 7.4, Shareholder approval is sought to ratify the issue and allotment of the 15% Placement Shares, being an issue of securities made by the Company on 22 September 2020 pursuant to the Company's available 15% capacity, for which shareholder approval has not already been obtained.

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in the 12 month period immediately preceding the date of the issue or agreement (if the entity has been admitted to the official list for 12 months or more) or the period from the date the entity was admitted to the official list to the date immediately preceding the date of the issue or agreement (if the entity has been admitted to the official list for less than 12 months) without the prior approval of its shareholders.

Equity securities issued and then ratified with shareholder approval under Listing Rule 7.4 do not count towards the 15% limit under Listing Rule 7.1.

Listing Rule 7.4 provides that an issue of securities made without prior approval under Listing Rule 7.1 can be treated as having been made with that approval if shareholders subsequently approve it.

If Resolution 4 is approved it will have the effect of refreshing the Company's ability, to the extent of the Placement Shares, to issue further capital during the next 12 months pursuant to Listing Rule 7.1 without the need to obtain further Shareholder approval (subject to the Listing Rules and the Corporations Act). If Resolution 4 is not passed, the Placement Shares will be counted toward the 15% limit pursuant to Listing Rule 7.1 for a period of 12 months from the date of issue.

### 6.3 Information for Listing Rule 7.5

For the purposes of Listing Rule 7.5, the Company provides the following information:

Listing Rule		Information
7.5.1	The names of the persons to whom the Securities are issued or agreed to be issued or the basis on which those persons were identified or selected	The 15% Placement Shares were issued to unrelated professional, sophisticated and other exempt investors that were determined by the Board following a bookbuild process undertaken by brokers, Sprott Capital Partners LP (UK and

# Explanatory Memorandum

Listing Rule		Information
		Canada) and Shaw and Partners Limited (Australia) who acted as Joint Lead Managers to the Placement, and the allottees included Wythenshawe Pty Ltd and Associates, Dundee Corporation and Associates, Franklin Templeton and Associates and Sprott Inc
7.5.2	The number and class of Securities issued or agreed to be issued	13,192,902 fully paid ordinary shares
7.5.3	Summary of the material terms of the Securities	The Company has issued the 15% Placement Shares and they rank parri passu with all other fully paid ordinary shares then on issue in the Company.
7.5.4	Date or dates on which the Securities were or will be issued	The 15% Placement Shares were issued on 22 September 2020.
7.5.5	The price or other consideration the entity has received or will receive for the issue	\$0.67 per 15% Placement Share.
7.5.6	The purpose of the issue, including the use or intended use of any funds raised by the issue	Funds raised from the issue of the 15% Placement Shares are intended to be used to continue drilling geared towards delivering additional upgrades to the Apollo Hill Mineral Resource and funding for the West Wyalong Joint Venture
7.5.7	Summary of the material terms of the agreement	The 15% Placement Shares were issued pursuant to a broker arranged placement with each recipient on usual terms.
7.5.8	A voting exclusion statement.	A voting exclusion statement is included in the Notice of Meeting for Resolution 4.

## 6.4 Director's recommendation

The Directors unanimously recommend that you vote in favour of Resolution 4.

## 7. Resolution 5 - Ratification of prior issue of 10% Placement Shares

### 7.1 Introduction

As announced on 14 September 2020, the Company successfully placed to professional, sophisticated and other investors 7,318,928 Shares at an issue price of \$0.67 to raise \$4,903,681.76 (**10% Placement Shares**). These Placement Shares were issued 22 September 2020. Funds raised from the 10% Placement Shares are to be used in conjunction with the funds raised from the 15% Placement Shares for additional upgrades on the Apollo Hill Mineral Resource. This issue was undertaken within the Company's capacity under Listing Rule 7.1A.

# Explanatory Memorandum

## 7.2 Listing Rule 7.4

In accordance with Listing Rule 7.4, Shareholder approval is sought to ratify the issue and allotment of the 10% Placement Shares, being issues of securities made by the Company on 22 September 2020 pursuant to the Company's then available additional 10% capacity, for which shareholder approval has not already been obtained.

Under Listing Rule 7.1A, shareholders can give prior approval (by special resolution at an annual general meeting) to the issue of securities equivalent to an additional 10% of its capital over a 12 month period. Shareholders gave their approval for the issue of additional shares under Listing Rule 7.1A at the last annual general meeting of the Company held on 20 November 2019.

Equity securities issued and then ratified with shareholder approval under Listing Rule 7.4 do not count towards the 10% limit under Listing Rule 7.1A.

Listing Rule 7.4 provides that an issue of securities made without prior approval under Listing Rule 7.1 can be treated as having been made with that approval if shareholders subsequently approve it.

If Resolution 5 is approved it will have the effect of refreshing the Company's ability, to the extent of the 10% Placement Shares, to issue further capital during the next 12 months pursuant to Listing Rule 7.1A without the need to obtain further Shareholder approval (subject to the Listing Rules and the Corporations Act). If Resolution 5 is not passed, the 10% Placement Shares will be counted toward the 10% limit pursuant to Listing Rule 7.1A for a period of 12 months from the date of issue.

## 7.3 Information for Listing Rule 7.5

For the purposes of Listing Rule 7.5, the Company provides the following information:

Listing Rule		Information
7.5.1	The names of the persons to whom the Securities are issued or agreed to be issued or the basis on which those persons were identified or selected	The 10% Placement Shares were issued to professional, sophisticated and other exempt investors were determined by the Board following a bookbuild process undertaken by brokers, Sprott Capital Partners LP (UK and Canada) and Shaw and Partners Limited (Australia) who acted as Joint Lead Managers to the Placement, and the allottees included Wythenshawe Pty Ltd and Associates, Dundee Corporation and Associates, Franklin Templeton and Associates and Sprott Inc
7.5.2	The number and class of Securities issued or agreed to be issued	7,318,928 fully paid ordinary shares
7.5.3	Summary of the material terms of the Securities	The Company has issued the 10% Placement Shares and they rank parri passu with all other fully paid ordinary shares then on issue in the Company.
7.5.4	Date or dates on which the Securities were or will be issued	The Securities were issued on 22 September 2020

# Explanatory Memorandum

Listing Rule		Information
7.5.5	The price or other consideration the entity has received or will receive for the issue	\$0.67 per 10% Placement Share.
7.5.6	The purpose of the issue, including the use or intended use of any funds raised by the issue	Funds raised from the issue of the Placement Shares are intended to be used in conjunction with the funds from the 15% Placement Shares for additional upgrades of the Apollo Hill Mineral Resource and funding for the West Wyalong Joint Venture.
7.5.7	Summary of the material terms of the agreement	The 10% Placement Shares were issued pursuant to a broker arranged placement with each recipient on usual terms.
7.5.8	A voting exclusion statement.	A voting exclusion statement is included in the Notice of Meeting for Resolution 5.

## 7.4 Director's recommendation

The Directors unanimously recommend that you vote in favour of Resolution 5.

## 8. Resolutions 6 to 9 - Issue of Performance Rights to Ian Bamborough, Brett Lambert, Andrew Venn and Robert Tyson

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### 8.1 Introduction

Resolutions 6 to 9 seek Shareholder authorisation to issue a total of 629,000 Performance Rights (**Performance Rights**) to Ian Bamborough, Brett Lambert, Andrew Venn and Robert Tyson (or their nominees) (**Related Parties**) pursuant to the Employee Incentive Option and Performance Rights Plan (**Incentive Plan**). The Incentive Plan was approved by Shareholders at the Company's 2018 Annual General Meeting, a summary of the terms and conditions of the Incentive Plan can be found in the meeting materials for that meeting, at Saturn's website at [https://saturnmetals.com.au/wp-content/uploads/2018/10/STN\\_Notice-of-Annual-General-Meeting.pdf](https://saturnmetals.com.au/wp-content/uploads/2018/10/STN_Notice-of-Annual-General-Meeting.pdf) and also in Schedule 3 to this Notice.

Approval for the issue of the Performance Rights is sought in accordance with Listing Rule 10.14, Chapter 2E of the Corporations Act and section 195(4) of the Corporations Act. As approval is being sought under Listing Rule 10.14, approval will not be required under Listing Rule 7.1.

### 8.2 Performance Rights terms

A summary of the terms and conditions of the Performance Rights, proposed to be issued pursuant to the Incentive Plan, are set out at Schedule 1 of this Explanatory Memorandum, including the key performance hurdles, linked to discovery and development, and weightings also set out in item 8.5(j) below.

# Explanatory Memorandum

## 8.3 Relevant legislation - Chapter 2E and section 195(4) of the Corporations Act and Listing Rule 10.14

### (a) Chapter 2E and section 195(4) of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a Financial Benefit to a Related Party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met (**Shareholder Approval Exception**).

A "Related Party" is defined widely in section 228 of the Corporations Act and includes, relevantly, a director (or proposed director) of a public company, any entity that controls (or is reasonably likely to control) a public company, and any entity that is controlled by a person or entity which is otherwise a Related Party, or there are reasonable grounds to believe that a person/entity is likely to become a Related Party of the public company.

A "Financial Benefit" for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the Related Party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

Relevantly, there is also an exception to Chapter 2E where the financial benefit to be given constitutes objectively reasonable remuneration. Further, section 195(1) of the Corporations Act provides that a director of a public company who has a material personal interest in a matter that is being considered at a directors' meeting must not be present while the matters are being considered at the meeting or vote on the matter. However, section 195(4) provides that if there are then not enough directors to form a quorum for a directors' meeting, one or more of the directors (including those who have a material personal interest in that matter) may call a general meeting and the general meeting may pass a resolution to deal with the matter.

The Board believes that the issue of the Performance Rights to the Directors constitute reasonable remuneration and an appropriate incentive to the Directors. However, in the interests of good governance given all Directors are proposed to receive Performance Rights, the Board believes it is appropriate to give Shareholders the right to vote on Resolutions 6 to 9 under the Chapter 2E of the Corporations Act, and section 195(4) of the Corporations Act, approval regime.

A copy of this Notice and the Explanatory Memorandum has been lodged with ASIC in accordance with section 218 of the Corporations Act.

### (b) Listing Rule 10.14

Listing Rule 10.14 requires that an entity must obtain the approval of Shareholders to issue Securities under an employee incentive scheme to any of the following persons:

- (1) a director of the Company;
- (2) an associate of a person referred to at item 8.3(b)(1) above; or
- (3) a person whose relationship with the entity or a person referred to in items 8.3(b)(1) or 8.3(b)(2) is such that, in ASX's opinion, the issue or agreement should be approved by security holders,



# Explanatory Memorandum

(individually referred to as an **Allottee** and jointly as **Allottees**) and in doing so must provide the information specified in Listing Rule 10.15, unless an exception applies.

If Resolutions 6 to 9 are passed, the Performance Rights must be issued within one month of that approval or else the approval will lapse.

## (c) **Listing Rule 7.1 - Issues exceeding 15% of capital**

An explanation of the operation of Listing Rule 7.1 is set out under section 6.2 of this Explanatory Memorandum.

However, under Listing Rule 7.2 (Exception 14), if approval is being sought under Listing Rule 10.14, approval will not be required under Listing Rule 7.1. Therefore the Performance Rights will not count towards the Company's 15% Capacity under Listing Rule 7.1.

## 8.4 **Shareholder approval requirement**

Resolutions 6 to 9, if passed, will confer Financial Benefits and involve the issue of Securities (namely, the Performance Rights) to the Related Parties.

Therefore, the Company seeks to obtain Shareholder approval in accordance with the requirements of Chapter 2E, section 195(4) of the Corporations Act and Listing Rule 10.14.

As approval is being sought under Listing Rule 10.14, in accordance with Listing Rule 7.2 (Exception 14) approval will not be required under Listing Rule 7.1. Therefore, if approved, the Performance Rights will not count towards the Company's 15% Capacity under Listing Rule 7.1.

Therefore the Company is seeking Shareholder approval in accordance with Chapter 2E to confer a Financial Benefit to a Related Party and under Listing Rule 10.14 to issue the Performance Rights to the Related Parties as Allottee's so that the Performance Rights do not count towards the Company's 15% Capacity.

## 8.5 **Information for Shareholders**

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

For the purposes of Chapter 2E of the Corporations Act and for all other purposes the following information is provided to shareholders:

#### (a) **The Related Parties to whom Resolutions 6 to 9 would permit the Financial Benefit to be given (section 219(1)(a))**

The proposed Financial Benefit will be given to Ian Bamborough, Brett Lambert, Andrew Venn and Robert Tyson who are each a Related Party of the Company because they are a Director of the Company.

#### (b) **The nature of the Financial Benefit (section 219(1)(b))**

The nature of the proposed Financial Benefit to be given is the issue of Performance Rights.

#### (c) **Directors' recommendation (section 219(1)(c))**

Each Director has a material personal interest in the outcome of Resolutions 6 to 9 on the basis that all Directors (or their nominees) are to be issued Performance Rights should the Resolutions be passed. For this reason, in current circumstances, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 6 to 9.

# Explanatory Memorandum

Resolutions 7 to 9 propose the issue of Performance Rights to Non-Executive Directors, which is not consistent with the Recommendations of the ASX Corporate Governance Council (Principle 8) 4th Edition. The Executive Director considers that the issue of Performance Rights to the Non-Executive Directors (if approved by shareholders) would not lead to bias in their decision making or compromise their objectivity, but rather considers that it would align their interests with those of existing security holders in general.

(d) **Directors' interest and other remuneration (section 219(1)(d))**

The Related Parties each have a material personal interest in the outcome of Resolutions 6 to 9, as it is proposed that the Performance Rights be issued to them (or their nominee) as set out in Resolutions 6 to 9 respectively.

Excluding the Performance Rights, the Related Parties each hold the following Shares, Performance Rights and Options in the Company:

Shareholder	Shares Directly and Indirectly Held	Options Directly and Indirectly Held	Performance Rights Directly and Indirectly Held	% of total Share Capital (shares on issue)
Ian Bamborough	1,563,941	3,750,000	250,000	1.44%
Brett Lambert	-	-	-	-
Robert Tyson	710,000	1,500,000	250,000	0.65%
Andrew Venn	250,000	1,500,000	250,000	0.23%

If all of the Performance Rights are issued, and converted into Shares, it will have the following effect on their holdings in the Company and the dilutionary impact on current Shareholders of the Company:

Shareholder	Current Share Holding	% of Total Share Capital Shares on issue <sup>1</sup>	Shares held upon issue of Performance Rights and assumed conversion	% of total Share Capital (shares on issue)
Current Shareholders	105,940,569	97.67%	105,940,569	97.11%
Ian Bamborough	1,563,941	1.44%	1,951,941	1.79%
Andrew Venn	250,000	0.23%	321,000	0.29%
Brett Lambert	-	-	99,000	0.09%
Robert Tyson	710,000	0.65%	781,000	0.72%
<b>Total</b>	<b>108,464,510</b>	<b>100.00%</b>	<b>109,065,510</b>	<b>100.00%</b>

Notes:

1. Assuming that no other Shares are issued and no existing Options or Performance Rights are exercised.

# Explanatory Memorandum

## (e) Valuation

The Directors of the Company have considered the indicative theoretical value attributable to the Performance Rights at a valuation date of 5 October 2020, which has been determined by an independent entity and is set out in Schedule 2. Based on that valuation, the theoretical valuation of the financial benefit is set out below:

Directors name	Number of Performance Rights	Value based on valuation in Schedule 2
Ian Bamborough	388,000	\$247,835
Andrew Venn	71,000	\$45,351
Brett Lambert	99,000	\$63,236
Robert Tyson	71,000	\$45,351

## (f) Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors (section 219(1)(e) and 219(2))

There is no other information known to the Company or any of its Directors save and except as follows:

### **Market Price movements:**

#### **Trading history**

In the 12 months prior to 7 October 2020, the Company's trading history is as follows:

- (1) the highest trading price was \$0.94 on 6 August 2020;
- (2) the lowest trading price was \$ 0.28 on 30 March 2020; and
- (3) the VWAP per Share over the 12 month period prior to 7 October 2020 was \$0.568.

The trading price of the Shares on the close of trading on 7 October 2020 was \$0.695.

### **Opportunity costs**

The opportunity costs and benefits foregone by the Company issuing the Performance Rights is the potentially dilutionary impact on the issued share capital of the Company. To the extent that the dilutionary impact caused by the issue of the Performance Rights will be detrimental to the Company, this is considered to be more than offset by the benefits. For accounting purposes, the Performance Rights will be recognized as an expense.

The grant of the Performance Rights are considered an appropriate remuneration strategy to align the interests of the individual with those of the Company's strategic plan focusing on optimizing performance with the benefits flowing through to enhanced Shareholder returns, whilst also protecting the Company's cash reserves so that they can be directed towards the Company's operations.

### **Taxation consequences**

No stamp duty will be payable in respect of the grant of the Performance Rights. No GST will be payable by the Company in respect of the grant of the Performance Rights (or if it is then it will be recoverable as an input credit).

# Explanatory Memorandum

## ***Dilutionary effect***

The effect of the issue of the Performance Rights, assuming that none of the existing options on issue in the Company have been exercised, is as follows:

	Current		Post Share issue/ conversion of Performance Rights	
	Securities	Percentage	Securities	Percentage
Ordinary shares - current Shareholders (excluding the Related Parties, and excluding unquoted convertible securities)	108,464,510	108,464,510	108,464,510	99.42%
Performance Rights	0	0%	629,000	0.58%
Total ordinary shares	108,464,510	100%	109,093,510	100%

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to the benefits contemplated by Resolution 6 to 9.

## ***Listing Rule 10.15***

For the purposes of Listing Rule 10.15 and for all other purposes the following information is provided to Shareholders:

(g) **10.15.1 and 10.15.2: Name and categorisation of the Allottee**

The Allottee's are the Related Parties, being Allottees for the purposes of Listing Rule 10.15 because they are Directors (or their nominees) of the Company.

(h) **10.15.3: Number and class of Securities to be issued**

The maximum number of Equity Securities to be issued is 629,000.

(i) **10.15.5: Securities previously issued under the Incentive Plan**

A total of 750,000 Performance Rights have been issued under the Incentive Plan since it was last approved by the Company's shareholders on 27 November 2018 to Allottees for the purposes of Listing Rule 10.15, comprising 250,000 Performance Rights issued to each of Ian Bamborough, Robert Tyson and Andrew Venn in November 2019, and all such Performance Rights were issued for nil cash consideration.

A total of 750,000 Options have been issued under the Incentive Plan since it was last approved by the Company's shareholders on 27 November 2018, to Allottees for the purposes of Listing Rule 10.15, comprising 250,000 Options issued to each of Ian Bamborough, Robert Tyson and Andrew Venn in November 2019, and all such Options were issued for nil cash consideration.

# Explanatory Memorandum

(j) **10.15.6: Summary of the material terms of the Securities**

The Performance Rights in Resolutions 6 to 9 will be issued based on the below hurdles and weightings:

Hurdle	Name	Measure	Weighting	Timing of testing
1	<b>Scoping Study</b>	Complete and publish a positive (next step supportive) scoping study on Apollo Hill.	25%	On or before the second anniversary of the Issue Date
2	<b>New Discovery: Resource +200,000oz</b>	Estimate and report new JORC compliant Mineral Resources totalling no less than 200,000oz of contained gold on a tenement or tenements which, at the date of the resource report, the Company owns, has a joint venture interest in or has the right to acquire an interest in, excluding extensions to the Apollo Hill, Apollo Hill hanging-walls or Ra deposits.	25%	On or before the second anniversary of the Issue Date
3	<b>Outperform XMM</b>	Company's share price outperforms the S&P/ASX 300 Metals and Mining (Industry) Index (XMM) by 10% or more. Both the STN and the XMM's initial and final prices will be determined by their respective 20-day VWAP's. <i>For example if the XMM has gone up by 10 percentage points, then STN's price must have gone up by at least 20%. As another example if the XMM has gone down by 10% then STN must hold even.</i>	25%	The period commencing on the Issue Date and ending on the second anniversary of the Issue Date
4	<b>Continuation of Employment</b>	The holder must have remained in continuous employment with the Company from the Issue Date as either Saturn staff, under an Executive Services Agreement or, Non-Executive Director or as an officially appointed officer.	25%	On the second anniversary of the Issue Date

The Performance Rights are issued under the Incentive Plan on the terms and conditions set out at Schedule 1 of the Explanatory Memorandum. The Performance Rights were valued as shown at Schedule 2.

# Explanatory Memorandum

(k) **10.15.7: Date or dates on which the Securities will be issued (Issue Date)**

The Company will issue the Performance Rights as soon as possible but in any event within one month following the Meeting.

(l) **10.15.8: Issue price or other consideration the Company will receive for the issue**

The Performance Rights are being issued at a nil issue price, and upon conversion (subject to satisfaction of the Vesting Conditions and the terms of the Incentive Plan), will convert into Shares at a nil issue price.

(m) **10.15.4: Details of the Director's remuneration package**

The current remuneration packages (comprising of cash, salary, fees superannuation, leave benefits, previously issued options and performance rights) of the Directors as shown in the Annual Report and as currently agreed are as follows:

Shareholder	Total Remuneration Package (as at 30 June 2020 per Annual Report)	Agreed Remuneration Package
Ian Bamborough	\$362,920	\$288,526.49
Brett Lambert	\$16,608 (3 months of service – Annual \$76,650)	\$76,650.00
Robert Tyson	\$131,302	\$98,285.70
Andrew Venn	\$131,302	\$98,285.70

Note: 2020 salaries and directors' fees were affected by COVID-19. The agreed remuneration package above does not include value of Performance Rights proposed by Resolutions 6 to 9.

(n) **10.15.9: Summary of the material terms of the Incentive Plan**

The Performance Rights are issued under the Incentive Plan on the terms and conditions set out at Schedule 1 of the Explanatory Memorandum.

A summary of the material terms of the Incentive Plan applicable to the issue of Performance Rights is set out at Schedule 3.

(o) **10.15.10: Material terms of any loan**

The purpose of the issue of the Performance Rights to the Related Parties (or their nominees) is to further motivate and reward their performance as Directors in achieving specified performance milestones within a specified performance period. The Board considers the granting of the Performance Rights to be a cost-effective reward for the Company to make to appropriately incentivise the continued performance of the Related Parties and is consistent with the strategic goals and targets of the Company.

No funds will be raised from the issue. No loan has been or will be given to Ian Bamborough, Brett Lambert, Andrew Venn or Robert Tyson in relation to the grant of

# Explanatory Memorandum

Performance Rights under the Incentive Plan and no funds will be raised from the issue or vesting of the Performance Rights.

(p) **10.15.11: Incentive Plan Statement**

Details of any Performance Rights issued under the Incentive Plan will be published in each annual report of the Company relating to a period in which Performance Rights have been issued and that approval for the issue of Performance Rights was obtained, if required, under ASX Listing Rule 10.14. Any additional personnel covered by ASX Listing Rule 10.14 who become entitled to participate in the Incentive Plan after this resolution was approved and who were not named in the notice of meeting will not participate until shareholder approval is obtained, if required, under that rule.

(q) **10.15.12: Voting exclusion statement**

Voting exclusion statements are set out at Resolutions 6 to 9

## 8.6 Outcome of voting for and against Resolutions 6 to 9

If the Resolutions 6 to 9 are passed, the Company will be able to issue the Performance Rights to the Related Parties. If the Resolutions 6 to 9 are not passed, the Company will not be able to issue the Performance Rights to the Related Parties.

## 9. Resolution 10 - Approval to issue an additional 10% of the issued capital

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### 9.1 Introduction

Pursuant to Resolution 10, the Company is seeking Shareholder approval to issue an additional 10% of issued capital over a 12 month period pursuant to Listing Rule 7.1A. If passed, this Resolution will allow the Company to allot and issue up to the number of new Equity Securities calculated in accordance with Listing Rule 7.1A.2 (**Additional Placement Securities**) each at an issue price of at least 75% of the volume weighted average price (**VWAP**) for the Company's Equity Securities in that class (calculated over the last 15 days on which trades in the Equity Securities are recorded immediately before the date on which the price at which the Additional Placement Securities are to be issued is agreed, or if the Additional Placement Securities are not issued within five trading days of that date, the date on which the Additional Placement Securities are issued) (**Issue Price**).

This approval is sought pursuant to Listing Rule 7.1A. Under Listing Rule 7.1A small and mid-cap listed entities that meet the eligibility threshold and have obtained the approval of their ordinary shareholders by special resolution at the annual general meeting, are permitted to issue an additional 10% of issued capital over a 12 month period from the date of the annual general meeting (**Additional 10% Placement**). The Additional 10% Placement under Listing Rule 7.1A is in addition to the ability of the Company to issue 15% of its issued capital without Shareholder approval over a 12 month period pursuant to Listing Rule 7.1. The Company may issue the Additional Placement Securities to raise funds for the Company. Funds raised from the issue of Additional Placement Securities, if undertaken, would be applied towards progressing the Apollo Hill Project, exploring the prospective Apollo Hill regional tenement package, funding, where warranted, the West Wyalong Joint Venture activities and additional working capital.

The Directors of the Company unanimously recommend that Shareholders vote in favour of Resolution 10.

# Explanatory Memorandum

## 9.2 Listing Rule 7.1A

### (a) General

#### (1) Eligibility

An entity is eligible to undertake an Additional 10% Placement if at the time of its annual general meeting it has a market capitalisation of \$300 million or less and it is not included in the S&P/ASX300 Index.

The Company has a market capitalisation of less than \$300 million and is not included in the S&P/ASX300 Index and is therefore an “Eligible Entity” and able to undertake an Additional 10% Placement under Listing Rule 7.1A.

In the event that the Company for any reason ceases to be an Eligible Entity after the Company has already obtained Shareholders’ approval pursuant to this Resolution 10, the approval obtained will not lapse and the Company will still be entitled to issue the Additional Placement Securities.

#### (2) Special Resolution

Listing Rule 7.1A requires this Resolution 10 to be passed as a Special Resolution, which means that it must be passed by at least 75% of the votes cast by members entitled to vote on the Resolution. Pursuant to Listing Rule 7.1A, no Additional Placement Securities will be issued until and unless this Special Resolution is passed at the meeting.

#### (3) Shareholder approval

The ability to issue the Additional Placement Securities is conditional upon the Company obtaining Shareholder approval by way of a Special Resolution at the Meeting.

### (b) Additional 10% Placement period - Listing Rule 7.1A.1

Assuming Resolution 10 is passed, shareholder approval of the Additional 10% Placement under Listing Rule 7.1A is valid from the date of the AGM and expires on the earlier to occur of:

- (1) the date that is 12 months after the date of the AGM;
- (2) the time and date of the Company’s next AGM; or
- (3) the time and date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX.

If approval is given for the issue of the Placement Securities then the approval will expire, on 26 November 2021, unless the Company holds its next AGM or shareholder approval is granted pursuant to Listing Rule 11.1.2 or Listing Rule 11.2 prior to that date.

### (c) Calculation for Additional 10% Placement - Listing Rule 7.1A.2

Listing Rule 7.1A.2 provides that Eligible Entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the period of the approval, a number of Equity Securities calculated in accordance with the following formula:



# Explanatory Memorandum

(A x D) - E

Where:

**A** is the number of ordinary securities on issue 12 months before the date of issue or agreement:

- (1) plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
- (2) plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- (3) plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rule 7.1 or Listing Rule 7.4 (but note that this does not include an issue of fully paid ordinary securities under the entity's 15% placement capacity without shareholder approval); and
- (4) less the number of fully paid ordinary securities cancelled in the 12 months.

**D** is 10%.

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

(d) **Listing Rule 7.1A.3**

(1) Equity Securities

Any Equity Securities issued under the Additional 10% Placement must be in the same class as an existing quoted class of Equity Securities of the Company and issued for cash consideration.

As at the date of this notice of meeting, the class of Equity Securities in the Company quoted on the ASX are fully paid ordinary shares. The Company presently has 108,464,510 Shares on issue at the date of this Notice of Meeting.

(2) Minimum issue price

The issue price for the Additional Placement Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days immediately before:

- (A) the date on which the price at which the relevant Additional Placement Securities are to be issued is agreed by the Company and the recipient of the Additional Placement Securities; or
- (B) if the relevant Additional Placement Securities are not issued within ten trading days of the date in paragraph 9.2(d)(2)(A) above, the date on which the relevant Additional Placement Securities are issued.

(e) **Information to be given to ASX - Listing Rule 7.1A.4**

If Resolution 10 is passed and the Company issues any Additional Placement Securities under Listing Rule 7.1A, the Company must:

# Explanatory Memorandum

- (1) state in its announcement of the issue or in its application for quotation of the Additional Placement Securities that they are being issued under Listing Rule 7.1A; and
- (2) give to the ASX immediately after the issue a list of allottees of the Additional Placement Securities and the number of Additional Placement Securities allotted to each (this list will not be released to the market).

(f) **Listing Rule 7.1 and Listing Rule 7.1A**

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

At the date of this Notice of Meeting, the Company has on issue 108,464,510 Shares and 8,960,000 unlisted securities (being options of various expiry dates and exercise prices and also performance rights). It is also noted that the Company received shareholder approval on 11 August 2020 to issue a further 1,892,500 options on or before 11 November 2020 (or a longer period, if allowed by ASX).

The Company will have the capacity to issue the following Shares on the date of the Meeting:

- (1) subject to Shareholder approval being obtained under Resolution 4, 16,269,676 Shares under Listing Rule 7.1; and
- (2) subject to Shareholder approval being obtained under Resolutions 5 and 10, 10,846,451 Shares under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as described above).

## 9.3 Specific information required by Listing Rule 7.3A

(a) **The period for which the approval will be valid - Listing Rule 7.3A.1**

As required by Listing Rule 7.3A.3, the Company will only issue and allot the Additional Placement Securities during the approval period. The approval under Resolution 10 for the issue of the Additional Placement Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities of the Company) or Listing Rule 11.2 (the disposal of the main undertaking of the Company), or the Company holds its next AGM before the 12 month anniversary of the AGM.

(b) **Minimum price of securities issued under Listing Rule 7.1A - Listing Rule 7.3A.2**

Pursuant to and in accordance with Listing Rule 7.1A.3, the Additional Placement Securities issued pursuant to approval under Listing Rule 7.1A must be issued for cash consideration and have an issue price of not less than 75% of the VWAP for the Equity Securities over the 15 trading days immediately before:

- (1) the date on which the price at which the Additional Placement Securities are to be issued is agreed; or
- (2) if the Additional Placement Securities are not issued within five trading days of the date in paragraph 9.3(b)(1) above, the date on which the Additional Placement Securities are issued.

# Explanatory Memorandum

The Company will disclose to the ASX the issue price on the date of issue of the Additional Placement Securities.

(c) **Purpose - Listing Rule 7.3A.3**

As noted above, the purpose for which the Additional Placement Securities may be issued include to raise funds for the Company. Funds raised from the issue of Additional Placement Securities, if undertaken, would be applied towards progressing the Apollo Hill Project, exploring the prospective Apollo Hill regional tenement package, funding, where warranted, the West Wyalong Joint Venture activities and additional working capital.

(d) **Risk of economic and voting dilution - Listing Rule 7.3A.4**

As provided by Listing Rule 7.3A.2, if Resolution 10 is passed and the Company issues the Additional Placement Securities, there is a risk of economic and voting dilution to the existing Shareholders. The Company currently has on issue 108,464,510 Shares. The Company could issue 10,846,451 Shares on the date of the Meeting if Resolution 10 is passed (however, it is important to note that the exact number of Equity Securities which may be issued will be calculated in accordance with the formula contained in Listing Rule 7.1A.2 details of which are set out above). Any issue of Additional Placement Securities will have a dilutive effect on existing shareholders.

There is a specific risk that:

- (1) the Market Price for the Company's Equity Securities may be significantly lower on the date of the issue of any Placement Securities than it is on the date of the meeting; and
- (2) the Additional Placement Securities may be issued at a price that is at a discount to the Market Price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue or the value of the Additional Placement Securities.

As required by Listing Rule 7.3A.2, Table 1 below shows the potential economic and voting dilution effect, in circumstances where the issued share capital has doubled and the Market Price of the shares has halved. Table 1 also shows additional scenarios in which the issued share capital has increased (by both 50% and 100%) and the Market Price of the shares has:

- (3) decreased by 50%; and
- (4) increased by 100%.

# Explanatory Memorandum

Issued Share capital	50% decrease in Market Price		Current Market Price		100% increase in Market Price	
	\$0.3475		\$0.6950		\$1.0425	
	10% Voting Dilution	Capital Raised	10% Voting Dilution	Capital Raised	10% Voting Dilution	Capital Raised
Present issued Share capital = 108,464,510 Shares	10,846,451	\$3,769,141	10,846,451	\$7,538,283	10,846,451	\$11,307,425
50% Increase in Share capital = 162,696,765 Shares	16,269,677	\$5,653,712	16,269,677	\$11,307,425	16,269,677	\$16,961,138
100% Increase in Share capital = 216,929,020 Shares	21,692,902	\$7,538,283	21,692,902	\$15,076,567	21,692,902	\$22,614,850

## Assumptions and explanations

- (1) The Market Price is \$0.695, based on the closing price of the Shares on ASX on 7 October 2020.
- (2) The above table only shows the dilutionary effect based on the issue of the Additional Placement Securities (assuming only Shares are issued), and not any Shares issued under the 15% under Listing Rule 7.1.
- (3) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
- (4) The Company issues the maximum number of Additional Placement Securities.
- (5) The issued share capital has been calculated in accordance with the formula in Listing Rule 7.1A(2) as at 7 October 2020.
- (6) The issue price of the Additional Placement Securities used in the table is the same as the Market Price and does not take into account the discount to the Market Price (if any).

## (e) Company's allocation policy - Listing Rule 7.3A.5

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue of the Additional Placement Securities. The identity of the allottees of Additional Placement Securities will be determined on a case-by-case basis having regard to a number of factors including but not limited to the following:

- (1) the methods of raising funds that are available to the Company including, but not limited to, rights issue or other issue in which existing shareholders can participate;
- (2) the effect of the issue of the Additional Placement Securities on the control of the Company;
- (3) the financial situation and solvency of the Company; and

# Explanatory Memorandum

- (4) advice from corporate, financial and broking advisers (if applicable).

The allottees of the Additional Placement Securities have not been determined as at the date of this Notice but may include existing substantial Shareholders and new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments for which Additional Placement Securities are issued as consideration, it is likely that the allottees of some of the Additional Placement Securities will be the vendors of the new assets or investments.

(f) **Previous issues under Listing Rule 7.1A.2 - Listing Rule 7.3A.6**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its 2019 Annual General Meeting on 20 November 2019 and the Company has issued equity securities under Listing Rule 7.1A.2 in the previous 12 months pursuant to that approval.

**Listing Rule 7.3A.6(a): Total Equity Securities issued in previous 12 months**

Number of Equity Securities on issue at commencement of 12 month period	73,189,287
Equity Securities issued or agreed to be issued in prior 12 month period (pursuant to both Listing Rule 7.1 and 7.1A)	35,275,223
Percentage previous issues represent of total number of Equity Securities on issue at commencement of 12 month period	48.20%

Date of issue	26 June 2020
Names of persons who have been issued, or have agreed to be issued, securities or basis on which those persons were identified or selected	Non-brokered private placement shares issued to an institutional strategic investor.
Number and class of securities issued or agreed to be issued	3,785,000 Shares
Price at which Equity Securities were issued or agreed to be issued	\$0.50
Discount to Market Price (if any)	2%
Total cash consideration received or to be received	\$1,892,500.00
Amount of cash consideration spent	\$1,892,500.00
Use of cash consideration	Apollo Hill Resource Drilling, Regional Exploration and Working Capital
Intended use for remaining amount of cash (if any)	Nil

# Explanatory Memorandum

Date of issue	14 September 2020
Names of persons who have been issued, or have agreed to be issued, securities or basis on which those persons were identified or selected	Private placement shares issued to institutional and professional investors.
Number and class of securities issued or agreed to be issued	7,318,928 Shares
Price at which Equity Securities were issued or agreed to be issued	\$0.67
Discount to Market Price (if any)	4%
Total cash consideration received or to be received	\$4,903,681.76
Amount of cash consideration spent	Nil
Use of cash consideration	Nil
Intended use for remaining amount of cash (if any)	Apollo Hill Resource Drilling, Regional Exploration, West Wyalong Joint Venture funding, Costs of Issue and Working Capital.

## 9.4 Voting exclusion statement

A voting exclusion statement is included in the Notice of Meeting. At the date of the Notice of Meeting, the proposed allottees of any Additional Placement Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rule 7.1 and Listing Rule 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the Additional Placement Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

## 10. Interpretation

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**Additional Placement Securities** means an additional 10% of the issued capital of the Company pursuant to ASX Listing Rule 7.1A the subject of Resolution 10.

**Advisory Resolution** means a Resolution which, the result of voting by Shareholders, does not bind the Company.

**Annual Report** means the annual report for the Company for the period ended 30 June 2020, released to the ASX on 12 August 2020.

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

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange (as applicable).

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

**Chair** means the person who chairs the Meeting.

# Explanatory Memorandum

**Closely Related Party** (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant 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 dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this definition.

**Company** means Saturn Metals Limited ACN 619 488 498.

**Constitution** means the constitution of the Company from time to time.

**Convertible Securities** has the meaning given to that term in the Corporations Act.

**Corporations Act** means the *Corporations Act 2001* (Cth) as amended, varied or replaced from time to time.

**Director** means a director of the Company.

**Equity Securities** has the meaning given to that term in the Listing Rules.

**Explanatory Memorandum** means this explanatory memorandum accompanying the Notice of Meeting.

**Financial Benefit** has the meaning given to that term in section 229 of the Corporations Act.

**Key Management Personnel** or **KMP** has the definition given in *Accounting Standards AASB 124 Related Party Disclosure* as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

**Listing Rule** means the official listing rules of the ASX as amended from time to time.

**Market Price** has the meaning given to that term in the Listing Rules.

**Meeting, Annual General Meeting** or **AGM** means the annual general meeting to be held at The Celtic Club at 3.30pm on Thursday, 26 November 2020 as convened by the accompanying Notice of Meeting.

**Notice of Meeting** or **Notice** means the notice of meeting giving notice to Shareholders of the Meeting, accompanying this Explanatory Memorandum.

**Official List** means the official list of ASX.

**Options** means an option to subscribe for Shares.

**Ordinary Resolution** means a resolution passed by more than 50% of the votes cast at a general meeting of shareholders.

**Related Party** has the meaning in section 228 of the Corporations Act.

# Explanatory Memorandum

**Relevant Period** means:

- (a) if the entity has been admitted to the Official List for 12 months or more, the 12 month period immediately preceding the date of the issue or agreement; or
- (b) if the entity has been admitted to the Official List for less than 12 months, the period from the date the entity was admitted to the Official List to the date immediately preceding the date of the issue or agreement.

**Remuneration Report** means the remuneration report as contained in the annual Directors Report of the Company for the financial year ending 30 June 2020.

**Resolution** means a resolution as set out in the Notice of Meeting.

**Securities** has the meaning in section 92(1) of the Corporations Act.

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

**Shareholder** means a holder of Shares in the Company.

**Special Resolution** means a resolution:

- (a) of which notice has been given as set out in paragraph 249L(1)(c) of the Corporations Act; and
- (b) that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution.

**Vesting Condition** has the meaning given at Schedule 1 of the Explanatory Memorandum.

**VWAP** means the volume weighted average closing price.

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Any enquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Ryan Woodhouse (**Company Secretary**):

Unit 1, 34 Kings Park Rd  
West Perth WA 6000  
+61 (08) 6424 8681



# Explanatory Memorandum

## Schedule 1 - Terms and Conditions of Related Party Performance Rights

The terms of the Performance Rights the subject of Resolutions 6 to 9 are set out as follows:

- (a) **(Vesting Condition):** The Related Party Performance Rights will vest at the achievement of the following hurdles and at the prescribed weightings:

Hurdle	Name	Measure	Weighting	Timing of testing
1	<b>Scoping Study</b>	Complete and publish a positive (next step supportive) scoping study on Apollo Hill.	25%	On or before the second anniversary of the Issue Date
2	<b>New Discovery: Resource +200,000oz</b>	Estimate and report new JORC compliant Mineral Resources totalling no less than 200,000oz of contained gold on a tenement or tenements which, at the date of the resource report, the Company owns, has a joint venture interest in or has the right to acquire an interest in, excluding extensions to the Apollo Hill, Apollo Hill hanging-walls or Ra deposits.	25%	On or before the second anniversary of the Issue Date
3	<b>Outperform XMM</b>	Company's share price outperforms the S&P/ASX 300 Metals and Mining (Industry) Index (XMM) by 10% or more. Both the STN and the XMM's initial and final prices will be determined by their respective 20-day VWAP's. For example if the XMM has gone up by 10 percentage points, then STN's price must have gone up by at least 20%. As another example if the XMM has gone down by 10% then STN must hold even.	25%	The period commencing on the Issue Date and ending on the second anniversary of the Issue Date
4	<b>Continuation of Employment</b>	The holder must have remained in continuous employment with the Company from the Issue Date as either Saturn staff, under an Executive Services Agreement or, Non-Executive Director or as an officially appointed officer.	25%	On the second anniversary of the Issue Date

- (b) **(Notification to holder):** The Company shall notify the holder in writing when the relevant Vesting Condition has been satisfied.

# Explanatory Memorandum

- (c) **(Vesting):** The Performance Rights will vest on the date the Vesting Condition has been satisfied.
- (d) **(Consideration):** The Performance Rights will be issued for no consideration and no consideration will be payable upon the conversion of the Performance Rights into Shares.
- (e) **(Conversion):** Upon vesting, each Performance Right will, at the election of the holder, convert into one fully paid ordinary share in the Company (Share).
- (f) **(Expiry Date):** Any Performance Right that has not been converted into a Share after the date that is 3 years from the date of grant of the Performance Right, this provides at least 1 year is allowed for the Company to undertake adequate testing of the Vesting Conditions, will automatically lapse.
- (g) **(Share ranking):** All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.
- (h) **(Listing of shares on ASX):** The Company will not apply for quotation of the Performance Rights on ASX. However, the Company will apply for quotation of all Shares issued pursuant to the vesting of Performance Rights on ASX within the period required by ASX.
- (i) **(Timing of issue of Shares on exercise):** Within 15 Business Days after date that the Performance Rights are exercised, the Company will:
  - (1) issue the number of Shares required under these terms and conditions in respect of the number of Performance Rights exercised;
  - (2) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
  - (3) if admitted to the Official List of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Performance Rights.

If a notice delivered under (2) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.
- (j) **(Transfer of Performance Rights):** A Performance Right is not transferable.
- (k) **(Participation in new issues):** There are no participating rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights without exercising the Performance Rights.
- (l) **(Adjustment for Reorganisation):** If, at any time, the issued capital of the Company is reorganised (including subdivision, reduction or return, all rights of a holder are to be

# Explanatory Memorandum

changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

- (m) **(Dividend and Voting Rights):** A Performance Right does not confer on the holder an entitlement to notice of, or to vote or attend at, a meeting of Shareholders of the Company or receive dividends declared by the Company.
- (n) **(Deferred Taxation)** Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth) applies to the Performance Rights and enables tax deferral.

# Explanatory Memorandum

## Schedule 2 – Valuation of Performance Rights

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The Performance Rights to be issued to the Related Parties pursuant to Resolutions 6 to 9 have been independently valued by BDO Corporate Finance (WA) Pty Ltd.

Using the Black & Scholes Valuation Method and the Hybrid Valuation Method, valued as at 5 October 2020 along with the assumptions set out below, the Performance Rights were ascribed value as follows:

Item	Performance Rights Vesting Conditions A, B & D	Performance Rights Vesting Condition C
Valuation Method	Black & Scholes	Hybrid
Underlying security spot price	\$0.685	\$0.685
Exercise price	Nil	Nil
Valuation date	05/10/2020	05/10/2020
Commencement of performance period	05/10/2020	05/10/2020
Performance measurement date	05/10/2022	05/10/2022
Performance period (years)	2.00	2.00
Expiry date	05/10/2023	05/10/2023
Expiration period (years)	3.00	3.00
Dividend yield	Nil	Nil
Volatility	90%	90%
Risk-free rate	17%	17%
Number of Instruments	471,750	157,250
Valuation per instrument	\$0.685	\$0.50
Total valuation of issued tranche	323,149	\$78,625

Please note that Performance Rights will be valued on the date of shareholder approval and the above is provided as a guide only.

# Explanatory Memorandum

## Schedule 3 - Terms and Conditions of Employee Incentive Option and Performance Rights Plan

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The Company approved the Employee Incentive Option & Performance Rights Plan (**Incentive Plan**) at its 2018 Annual General Meeting which was held on 27 November 2018. A copy of the 2018 Notice of Annual General Meeting is available at this website: [https://saturnmetals.com.au/wp-content/uploads/2018/10/STN\\_Notice-of-Annual-General-Meeting.pdf](https://saturnmetals.com.au/wp-content/uploads/2018/10/STN_Notice-of-Annual-General-Meeting.pdf).

Under the Incentive Plan, the Company may issue Options or Performance Rights (**Awards**). The key terms of the Employee Incentive Option & Performance Rights Plan applicable to Performance Rights are as follows:

- (a) **Eligibility:** Participants in the Plan may be:
  - (1) a Director (whether executive or non-executive) of the Company and any associated body corporate of the Company (each a **Group Company**);
  - (2) a full or part time employee of any Group Company;
  - (3) 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
  - (4) 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 (1), (2) or (3) above,  
  
who is declared by the Board to be eligible to receive grants of Awards under the Plan (**Eligible Participants**).
- (b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant (including an Eligible Participant who has previously received an offer) to apply for Awards, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines (**Offer**).
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Awards 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 Awards are quoted on the ASX, Awards issued under the Plan will be issued for nil or no more than nominal cash consideration.
- (e) **Vesting Conditions:** An Award may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Awards (**Vesting Conditions**).
- (f) **Vesting:** The Board may in its absolute discretion (except in respect of a change of control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant (being an Eligible Participant to whom Awards have been granted under the Plan or their nominee where the Awards have been granted to the nominee of the Eligible Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Awards due to:
  - (1) special circumstances arising in relation to a Relevant Person in respect of those Performance Rights, being:

# Explanatory Memorandum

- (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; or
- (2) a change of control occurring; or
  - (3) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.
- (g) **Lapse of an Award:** An Award will lapse upon the earlier to occur of:
- (1) an unauthorised dealing, or hedging of, the Award occurring;
  - (2) a Vesting Condition in relation to the Award 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 Condition and vest the Award;
  - (3) in respect of unvested Awards only, an Eligible Participant ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;
  - (4) in respect of vested Awards only, a relevant person ceases to be an Eligible Participant and the Award granted in respect of that person is not exercised within a one (1) month period (or such later date as the Board determines) of the date that person ceases to be an Eligible Participant;
  - (5) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
  - (6) 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 Award;
  - (7) the expiry date of the Award.
- (h) **Shares:** Shares resulting from the exercise of the Awards shall, subject to any Sale Restrictions (refer paragraph (i)) from the date of issue, rank on equal terms with all other Shares on issue.
- (i) **Sale Restrictions:** The Board may, in its discretion, determine at any time up until exercise of Awards, that a restriction period will apply to some or all of the Shares issued to an Eligible Participant (or their eligible nominee) on exercise of those Awards up to a maximum of five (5) years from the grant date of the Awards. In addition, the

# Explanatory Memorandum

Board may, in its sole discretion, having regard to the circumstances at the time, waive any such restriction period determined.

- (j) **No Participation Rights:** There are no participating rights or entitlements inherent in the Awards and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Awards.
- (k) **Change in exercise price of number of underlying securities:** Unless specified in the offer of the Awards and subject to compliance with the ASX Listing Rules, an Award does not confer the right to a change in exercise price or in the number of underlying Shares over which the Award can be exercised.
- (l) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of an Award are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (m) **Trust:** The Board may, at any time, establish a trust for the sole purpose of acquiring and holding Shares in respect of which a Participant may exercise, or has exercised, vested Awards, including for the purpose of enforcing the disposal restrictions and appoint a trustee to act as trustee of the trust. The trustee will hold the Shares as trustee for and on behalf of a Participant as beneficial owner upon the terms of the trust. The Board may at any time amend all or any of the provisions of the Plan to effect the establishment of such a trust and the appointment of such a trustee.




## LODGE YOUR VOTE

	<b>ONLINE</b> www.linkmarketservices.com.au
	<b>BY MAIL</b> Saturn Metals Limited C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia
	<b>BY FAX</b> +61 2 9287 0309
	<b>BY HAND</b> Link Market Services Limited 1A Homebush Bay Drive, Rhodes NSW 2138
	<b>ALL ENQUIRIES TO</b> Telephone: 1300 554 474      Overseas: +61 1300 554 474

## LODGE MENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **3:30pm (Perth time) on Tuesday, 24 November 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

<p> <b>ONLINE</b> www.linkmarketservices.com.au</p> <p>Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).</p>	<p> <b>BY MOBILE DEVICE</b></p> <p>Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link <a href="http://www.linkmarketservices.com.au">www.linkmarketservices.com.au</a> into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.</p> <p>To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.</p>	<p><b>QR Code</b></p> 
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## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

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

### DEFAULT TO CHAIRMAN OF THE MEETING

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

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in 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 A SECOND PROXY

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

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### SIGNING INSTRUCTIONS

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

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

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



NAME SURNAME  
 ADDRESS LINE 1  
 ADDRESS LINE 2  
 ADDRESS LINE 3  
 ADDRESS LINE 4  
 ADDRESS LINE 5  
 ADDRESS LINE 6



X99999999999

## PROXY FORM

I/We being a member(s) of Saturn Metals Limited and entitled to attend and vote hereby appoint:

### APPOINT A PROXY

the Chairman of the Meeting (mark box)

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

STEP 1

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **3:30pm (Perth time) on Thursday, 26 November 2020 at The Celtic Club, 48 Ord St, West Perth, Western Australia 6005** (the Meeting) and at any postponement or adjournment of the Meeting.

**Important for Resolutions 1, 6-9:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 6-9, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

### VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

#### Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Issue of Performance Rights to Robert Tyson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Brett Lambert as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Approval to issue an additional 10% of the issued capital of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-Election of Andrew Venn as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Ratification of prior issue of 15% Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5 Ratification of prior issue of 10% Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6 Issue of Performance Rights to Ian Bamborough	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7 Issue of Performance Rights to Brett Lambert	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 Issue of Performance Rights to Andrew Venn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

STEP 2



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

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

STEP 3

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

STN PRX2002D

