



CAPRICORN METALS LTD

ACN 121 700 105

NOTICE OF ANNUAL GENERAL MEETING

TIME: 11.00 am WST

DATE: Friday, 20 November 2020

PLACE: Perth Convention and Exhibition Centre
Meeting Room 8
21 Mounts Bay Road
Perth Western Australia

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

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4.00 pm WST on Wednesday, 18 November 2020.

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IMPORTANT INFORMATION

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 11am (WST) on 20 November 2020 at:

Perth Convention and Exhibition Centre (Meeting Room 8)
21 Mounts Bay Road, Perth, Western Australia

YOUR VOTE IS IMPORTANT

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

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4.00 pm (WST) on 18 November 2020.

VOTING IN PERSON

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

VOTING BY PROXY

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

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

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

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

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

If the Chair is appointed, or taken to be appointed, as your proxy, you can direct the Chair to vote 'for' or 'against', or 'abstain' from voting on, the relevant Resolutions on the Proxy Form. If you do not direct the Chair how to vote you acknowledge that you are expressly authorising him or her to vote in favour of the relevant Resolution (including in circumstances where the subject matter of the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel).

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2020.”

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

Voting Prohibition Statement:

The Company will disregard any votes cast in favour of this Resolution:

- (a) by or on behalf of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or their Closely Related Parties, regardless of the capacity in which the votes are cast; or
- (b) by a person who is a member of the Key Management Personnel at the date of the Annual General Meeting, or their Closely Related Parties, as a proxy.

However, votes will not be disregarded if they are cast by a person (the **voter**) as a proxy for a person entitled to vote on this Resolution and either:

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

3. RESOLUTION 2 – RE-ADOPTION OF PERFORMANCE RIGHTS PLAN

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

“That, for the purposes of ASX Listing Rule 7.2 (Exception 13(b)) and for all other purposes, approval is given for the Company to re-adopt the existing employee incentive scheme titled Performance Rights Plan and for the issue of securities under that plan, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

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

- (a) a person who is eligible to participate in the Performance Rights Plan; or
- (b) an associate of that person or those persons.

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

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

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

Voting Prohibition Statement:

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

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

However, the above prohibition does not apply if:

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

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR MARK OKEYBY

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

“That, for the purpose of clause 11.7(b) of the Constitution, ASX Listing Rule 14.5 and for all other purposes, Mr Mark Okeby, a Director, retires, and being eligible, is re-elected as a Director.”

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE UNDER LISTING RULE 7.1

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

“That for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the prior issue and allotment of 17,000,000 Shares on 5 August 2020 to sophisticated, professional and institutional investors, on the terms and conditions described in the Explanatory Statement.”

Voting Exclusion:

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

- (a) a person who participated in the issue or is a counterparty to the agreement being approved; or
- (b) an associate of that person or those persons.

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

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

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

6. RESOLUTION 5 – CHANGE OF AUDITOR

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

“That, subject to ASIC consenting to the resignation of William Buck Audit (WA) Pty Ltd as auditor of the Company, pursuant to and for the purposes of section 327B of the Corporations Act 2001, and for all other purposes, KPMG be appointed as auditor of the Company with effect from the conclusion of the 2020 Annual General Meeting on the terms and conditions set out in the Explanatory Statement.”

Dated: 19 October 2020
BY ORDER OF THE BOARD

MS TAMMIE DIXON
COMPANY SECRETARY

EXPLANATORY STATEMENT

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

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.capmetals.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

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

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

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

2.2 Voting consequences

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

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

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

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

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – RE-ADOPTION OF PERFORMANCE RIGHTS PLAN

3.1 General

The Company is seeking Shareholder approval to re-adopt the employee incentive scheme titled Performance Rights Plan (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 13(b)). The Plan was first adopted by Shareholders on 23 November 2017.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Performance Rights under the Plan will provide selected employees, and consultants with the opportunity to participate in the future growth of the Company.

Any future issues of Performance Rights under the Plan to a party to whom ASX Listing Rule 10.14 applies (such as a Director) will require additional Shareholder approval at the relevant time.

3.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (Exception 13(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 2 is passed, the Company will be able to issue Performance Rights under the Plan to eligible participants over a period of 3 years and to issue Shares to those persons if they choose to exercise the Rights granted to them under the Plan, without impacting the Company's placement capacity under ASX Listing Rule 7.1.

3.3 Information required by ASX Listing Rule 7.2 (Exception 13(b))

The Company provides the following information in relation to the Plan:

- A summary of the key terms and conditions of the Plan is set out in Schedule 1. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting.
- Since 23 November 2017 (being the date on which the Plan was last approved by Shareholders), the Company has issued 6,450,000 Performance Rights under the Plan.
- The maximum number of securities proposed to be issued under the Plan over three years is 3,400,000 securities (being 1% of the Company's fully diluted Share capital as at the date of this Explanatory Statement). This maximum is not intended to be a prediction of the actual number of securities to be issued under the Plan but is specified for the purposes of setting a ceiling on the number of securities approved to be issued for the purposes of Listing Rule 7.2 (Exception 13(b)).
- A voting exclusion statement is included in the Notice in respect of Resolution 2.

A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary Ms Tammie Dixon +61 8 9212 4600. Shareholders are invited to contact the Company if they have any queries or concerns.

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR MARK OKEBY

The Constitution requires the Company to hold an election of Directors whenever required by the Corporations Act or the ASX Listing Rules. Pursuant to ASX Listing Rule 14.5, the Company must hold an election of Directors at each annual general meeting. Mr Mark Okeby has volunteered to retire and, being eligible, stand for re-election at the Annual General Meeting to satisfy these requirements.

4.1 Qualifications and other material directorships

Mr Mark Okeby

LLM

Mr Okeby began his career in the resources industry in the 1980s as a corporate lawyer advising companies on resource project acquisitions, financing and development. He has a Masters of Law (LLM) and over 30 years' experience as a director of ASX listed mining and exploration companies.

He is currently a director of Red Hill Iron Ltd (appointed in 2016) and previously has been a director of Hill 50 Ltd, Abelle Ltd, Metals X Limited, Westgold Resources Ltd, Lynas Corporation Ltd and Regis Resources Ltd.

Mr Okeby joined the board of Regis Resources in July 2009 as a non-executive director and was a major contributor on the board that transformed Regis from a small gold explorer to one of Australia's largest gold producers as it is today.

Mr Okeby has a deep knowledge of the Australian resources landscape and the regulatory regimes around mine development and operation. He also has significant experience in the commercial and legal aspects of project development, financing and corporate transactions.

During the past three years Mr Okeby has held the following other listed company directorship:

- Non-Executive Director – Red Hill Iron Limited (August 2015 to Current)
- Non-Executive Director – Regis Resources Limited (June 2009 to February 2019)

4.2 Board recommendation

The Board (with Mr Okeby abstaining) supports the re-election of Mr Okeby and recommends that Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE UNDER LISTING RULE 7.1

On 29 July 2020, the Company announced that it had received commitments from investors with respect to an institutional placement to raise \$32.3 million (before costs) (**Placement**).

On 5 August 2020 (**Issue Date**), the Company issued 17,000,000 Shares (**Placement Shares**) under the Placement at an issue price of \$1.90 per Placement Share.

The Placement Shares were issued without Shareholder approval.

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

The Placement does not fit within any of these exceptions and, as it has not yet been approved by the Company's shareholders, it effectively uses up part of the 15% limit in ASX Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under ASX Listing Rule 7.1 for the 12 month period following the Issue Date.

ASX Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under ASX Listing Rule 7.1 and so does not reduce the Company's capacity to issue further Equity Securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under ASX Listing Rule 7.1.

To this end, Resolution 4 seeks Shareholder approval to the Placement under and for the purposes of ASX Listing Rule 7.4.

If Resolution 4 is passed, the Placement will be excluded in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the Issue Date.

If Resolution 4 is not passed, the Placement will be included in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the Issue Date.

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 4:

- i) the Placement Shares were issued to sophisticated, professional and institutional investors, none of whom were a related party of the Company. The investors in the Placement were selected through a bookbuild process undertaken by Canaccord Genuity (Australia) Limited and Argonaut Securities Pty Ltd, the Joint Lead Managers of the Placement
- ii) 17,000,000 Placement Shares were issued;
- iii) all Placement Shares were fully paid ordinary shares and rank equally with all other Shares on issue;
- iv) the Placement Shares were issued on 5 August 2020;
- v) the Placement Shares were issued at a price of \$1.90 per Placement Share;
- vi) the funds from the Placement are to be used for the development of the Karlawinda Gold Project, construction of an airstrip on site to deliver operational efficiencies, accelerate exploration efforts and general working capital; and
- vii) a voting exclusion statement is included in the Notice for Resolution 4.

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

6. RESOLUTION 5 – CHANGE IN AUDITOR

William Buck Audit (WA) Pty Ltd (**William Buck**) has been the Company's auditor since 2013. Given the growth and change in scale of operations of the Company, the Board undertook a detailed review of accounting firms with the necessary capabilities to undertake the Company's audit and invited them to tender. Following this review, the Board recommends the appointment of KPMG as auditor of the Company. Under the Corporations Act, Shareholders must approve the appointment of a new auditor.

William Buck has submitted its resignation as auditor to the Company and advised the Company that it has applied to ASIC for consent to resign, effective from the conclusion of the Meeting.

In accordance with section 328B of the Corporations Act, Samoz Pty Ltd (an entity associated with Director, Mr Mark Clark), a Shareholder of the Company, has nominated KPMG for appointment as auditor of the Company. A copy of the nomination is attached as Annexure A to this Notice of Meeting. KPMG has provided its consent to this appointment,

subject to Shareholder approval and ASIC consenting to the resignation of William Buck as auditor of the Company.

If Resolution 5 is passed, the appointment of KPMG as the Company's auditor will take effect from the conclusion of the Meeting.

If Resolution 5 is not passed, there will be a vacancy in respect of the Company's auditor, which the Directors will be obliged to fill within one month, in accordance with section 327C of the Corporations Act.

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

7. ENQUIRIES

Shareholders may contact the Company Secretary on +61 8 9212 4600 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

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

ASIC means the Australian Securities & Investments Commission.

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

ASX Listing Rules means the official listing rules of ASX.

Board means the current board of Directors of the Company.

Chair means the chair of the Meeting.

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

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

Company means Capricorn Metals Ltd (ACN 121 700 105).

Constitution means the Company's constitution, as amended from time to time.

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

Directors means the current directors of the Company.

Equity Securities has the meaning given to that term in the ASX Listing Rules and includes Shares and Performance Rights.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

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

Performance Right means a right to acquire a Share granted pursuant to the terms of the Performance Rights Plan.

Performance Rights Plan or **Plan** means the Company's employee incentive scheme titled Performance Rights Plan, as further detailed in the Explanatory Statement for Resolution 2.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2020.

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

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

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

SCHEDULE 1 – SUMMARY OF PERFORMANCE RIGHTS PLAN

The key terms of the Performance Rights Plan are as follows:

- (a) **Eligibility and Grant of Performance Rights:** The Board may grant Performance Rights to any full or part time employee or Director of the Company or an associated body corporate, a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000, or 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 an Eligible Participant under one of the aforementioned categories (**Eligible Participant**). Performance Rights may be granted by the Board at any time.
- (b) **Consideration:** Each Performance Right issued under the Plan will be issued for nil cash consideration.
- (c) **Conversion:** Each Performance Right is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company.
- (d) **Exercise Price and Expiry Date:** The exercise price (if any) and expiry date for Performance Rights granted under the Plan will be determined by the Board prior to the grant of the Performance Rights.
- (e) **Exercise Restrictions:** The Performance Rights granted under the Plan may be subject to conditions on exercise as may be fixed by the Directors prior to grant of the Performance Rights (**Vesting Conditions**). Any restrictions imposed by the Directors must be set out in the offer for the Performance Rights.
- (f) **Renounceability:** Eligible Participants may renounce their offer in favour of a nominee (the Eligible Participants and their nominees are each **Participants**).
- (g) **Lapsing of Performance Rights:** Subject to the terms of the offer made to a Participant, an unexercised Performance Right will lapse:
 - (i) on the Participant ceasing to be an Eligible Participant and:
 - (A) any Vesting Conditions have not been met by the date the Participant ceases to be an Eligible Participant (**Ceasing Date**), unless the Board exercises its discretion to vest the Performance Rights or resolves to allow unvested Performance Rights to remain unvested after the Ceasing Date; or
 - (B) where any Vesting Conditions have been met by the Ceasing Date, the Participant does not exercise the Performance Right within a period of (1) month after the Ceasing Date (or a further date as determined by the Board after the Ceasing Date);
 - (ii) if any Vesting Condition is not satisfied or is unable to be met;
 - (iii) if a Participant engages in hedging or unauthorised dealing of the Performance Right;
 - (iv) if the Board deems that a Performance Right lapses due to fraud, dishonesty or other improper behaviour; or
 - (v) the expiry date has passed.
- (h) **Share Restriction Period:** Shares issued on the exercise of Performance Rights may be subject to a restriction that they may not be transferred, disposed of or otherwise dealt with until a restriction period has expired.
- (i) **Disposal of Performance Rights:** Performance Rights will not be transferable (except in certain special circumstances with the Board's consent or by force of law) and will not be quoted on the ASX.
- (j) **Trigger Events:** The Company may permit Performance Rights to be exercised in certain circumstances where there is a change in control of the Company (including by takeover) or entry into a scheme of arrangement.

- (k) **Participation:** 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 those Performance Rights.
- (l) **Change in exercise price:** A Performance Right does not confer a right to a change in exercise price (if any) or a change in the number of underlying Shares over which the Performance Right can be exercised.
- (m) **Reorganisation:** In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the rights of a Participant are to be changed in the manner determined by the Board to ensure that no advantage or disadvantage accrues to the Participant as a result of such corporate action, subject always to the rights of the Participant being changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (n) **Limitations on Offers:** When making an offer of Performance Rights, the Company must have reasonable grounds to believe that the number of Shares to be received on exercise of Performance Rights offered under an offer when aggregated with:
 - (i) the number of Shares that would be issued if each outstanding offer for Shares, units of Shares or options to acquire Shares under the Plan or any other employee incentive plan of the Company were to be exercised or accepted; and
 - (ii) the number of Shares issued during the previous 3 years from the exercise of Performance Rights issued under the Plan (or any other employee incentive plan of the Company covered by ASIC Class Order 14/1000),does not exceed 5% of the total number of Shares on issue at the time of the offer (but disregarding any offer of Shares or options to acquire Shares that can be disregarded in accordance with ASIC Class Order 14/1000).
- (o) **Amendment:** The Board may, at any time, amend or add to all or any of the provisions of the Performance Rights Plan, an offer made under the plan or the terms or conditions of any Performance Rights. The Board cannot make an adjustment or variation to the terms of a Performance Right without the Participant's consent if such adjustment or variation would have a materially prejudicial effect on the Participant, other than certain adjustments introduced primarily to comply with applicable laws or regulations (including the ASX Listing Rules), to correct any manifest error or mistake, or to take into account possible adverse tax implications.

ANNEXURE A – NOMINATION OF KPMG AS AUDITOR

17 September 2020

The Company Secretary
Capricorn Metals Ltd
Level 1, 28 Ord Street
West Perth WA 6005

Dear Ms Dixon

For the purposes of section 328B(1) of the *Corporations Act 2001* (Cth), I Mark Clark (being the authorised representative of Samoz Pty Ltd, a member of Capricorn Metals Ltd (**Company**)) hereby nominate KPMG of 235 St Georges Terrace, Perth, Western Australia, as auditor of the Company at the Annual General Meeting to be held on 20 November 2020.

Yours sincerely

Mark Clark
For and on behalf of Samoz Pty Ltd
Shareholder



Capricorn Metals Ltd | ACN 121 700 105

Proxy Voting Form

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

Holder Number:

Your proxy voting instruction must be received by **11.00am (WST) on Wednesday 18 November 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

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

YOUR NAME AND ADDRESS

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

STEP 1 – APPOINT A PROXY

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

DEFAULT TO THE CHAIR OF THE MEETING

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

STEP 2 - VOTES ON ITEMS OF BUSINESS

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

APPOINTMENT OF SECOND PROXY

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

SIGNING INSTRUCTIONS

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

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

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

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

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

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

CORPORATE REPRESENTATIVES

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

Lodging your Proxy Voting Form:

Online:

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

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



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBCHAT: <https://automicgroup.com.au/>

PHONE: 1300 288 664 (Within Australia)

+61 2 9698 5414 (Overseas)

