



**CLEAN TEQ HOLDINGS LIMITED**  
**ACN 127 457 916**

# **Notice of General Meeting**

## **Explanatory Statement and Proxy Form**

Date of Meeting:  
**Wednesday, 19 July 2017**

Time of Meeting:  
**10.00AM (Melbourne time)**

Place of Meeting:  
**Baker & McKenzie**  
**Level 19**  
**181 William Street**  
**Melbourne Vic 3000**

*This Notice of General Meeting and Explanatory Statement should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay*

# CLEAN TEQ HOLDINGS LIMITED

ABN 34 127 457 916

Registered office: 12/21 Howleys Road, Notting Hill, Victoria, 3168

## NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Members of Clean TeQ Holdings Limited (the "Company") will be held at Baker & McKenzie, Level 19, 181 William Street, Melbourne, Victoria 3000 at 10.00am (Melbourne time) on Wednesday, 19 July 2017 ("General Meeting" or "Meeting").

## AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice, describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the proxy form in their entirety.

### **Resolution 1: Ratification of Prior Share Issue**

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

*"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the issue of 92,518,888 fully paid ordinary shares in the Company at an issue price of \$0.88 (88 cents) per share on 27 March 2017 as described in the Explanatory Statement which accompanies and forms part of this Notice."*

### **Resolution 2: Adoption of Employee Incentive Plan**

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

*"That for the purposes of ASX Listing Rule 7.2 exception 9(b), and for all other purposes, approval is given to the issue of securities and the implementation of a new Employee Incentive Plan which replaces the previous shareholder approved Employee Share Option Plan and Employee Share Plans as an exception to ASX Listing Rule 7.1 on the terms and conditions as described in the Explanatory Statement which accompanies and forms part of this Notice."*

### **Resolution 3: Approval to Grant Options to Mr Michael Spreadborough (or his nominee)**

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

*"That for the purposes of ASX Listing Rule 10.11, and for all other purposes, approval be given to issue up to 750,000 unlisted options (being the right to acquire up to 750,000 fully paid ordinary shares in the Company to Mr Michael Spreadborough (a Non-Executive Director of the Company), or his nominee, as described in the Explanatory Statement which accompanies and forms part of this Notice."*

### **Resolution 4: Approval of Long Term Incentive Grant of Performance Rights to Mr Sam Riggall (or his nominee)**

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

*"That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given to grant up to 172,969 Performance Rights (being a right to acquire up to 172,969 fully paid ordinary shares in the Company subject to satisfaction of relevant performance conditions) for no consideration to Mr Sam Riggall (a Director of the Company), or his nominee, as described in the Explanatory Statement which accompanies and forms part of this Notice."*

**Resolution 5: Approval of Long Term Incentive Grant of Performance Rights to Mr Peter Voigt (or his nominee)**

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

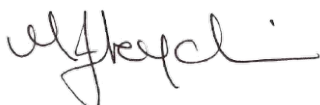
*“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given to grant up to 411,546 Performance Rights (being a right to acquire up to 411,546 fully paid ordinary shares in the Company subject to satisfaction of relevant performance conditions) for no consideration to Mr Peter Voigt (a Director of the Company), or his nominee, as described in the Explanatory Statement which accompanies and forms part of this Notice.”*

**Resolution 6: Increase in Aggregate Non-Executive Director Remuneration**

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

*“That for the purposes of clause 61 of the Constitution, ASX Listing Rule 10.17, and for all other purposes, the maximum aggregated annual Directors’ fees payable to Non-Executive Directors for the financial year from and including the year commencing 1 July 2016, be increased from \$500,000 per annum to \$1,000,000, as described in the Explanatory Statement which accompanies and forms part of this Notice.”*

**BY ORDER OF THE BOARD**



**Melanie Leydin**  
**Company Secretary**

13<sup>th</sup> June 2017

## NOTES

1. **Entire Notice:** The details of the resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Record Date:** The Company has determined that for the purposes of the General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm on the date 48 hours before the date of the General Meeting will be taken, for the purposes of the Meeting, to be held by the persons who held them at that time. Only those persons will be entitled to vote at the General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.
3. **Proxies**
  - a. Votes at the General Meeting may be given personally or by proxy, attorney or representative.
  - b. Each shareholder has a right to appoint one or two proxies.
  - c. A proxy need not be a shareholder of the Company.
  - d. If a shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution.
  - e. Where a shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.
  - f. If a shareholder appoints two proxies, and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes. If a shareholder appoints two proxies, neither proxy may vote on a show of hands.
  - g. A proxy must be signed by the shareholder or his or her attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with corporation's constitution and Corporations Act.
  - h. To be effective, proxy forms must be received by the Company's share registry (Automic Pty Ltd) no later than 48 hours before the commencement of the General Meeting, this is no later than 10.00am (Melbourne time) on Monday, 17 July 2017. Any proxy received after that time will not be valid for the scheduled meeting.

## 4. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

## 5. Voting Exclusion Statement:

### Resolution 1

The Company will disregard any votes cast on Resolution 1 by any person who participated in the issue and any associates of those persons.

However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### Resolution 2

The Company will disregard any votes cast on Resolution 2 by:

- any Director (other than a Director who is ineligible to participate in any employee incentive scheme in relation to the Company); and
- any of their associates.

However, the Company need not disregard a vote on Resolution 2 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

### Resolution 3

In accordance with ASX Listing Rules, the Company will disregard any votes cast on Resolution 3 by Mr Spreadborough or by his associates.

In addition, the Corporations Act provides that a member of the Company's Key Management Personnel as disclosed in the Remuneration Report (which includes the Directors and the Chairman) or a closely related party of that Key Management Personnel, cannot cast a vote on Resolution 3 (in any capacity).

However, the Company need not disregard a vote on Resolution 3 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

If you appoint the Chairman as your proxy and you do not direct the Chairman how to vote, you will be expressly authorising the Chairman to exercise the proxy even if the relevant resolution is connected directly or indirectly with the remuneration of a Key Management Personnel for the Company. Shareholders should note that the Chairman intends to vote any undirected proxies in favour of all resolutions.

#### **Resolution 4**

In accordance with ASX Listing Rules, the Company will disregard any votes cast on Resolution 4 by Mr Riggall or by his associates.

In addition, the Corporations Act provides that a member of the Company's Key Management Personnel as disclosed in the Remuneration Report (which includes the Directors and the Chairman) or a closely related party of that Key Management Personnel, cannot cast a vote on Resolution 4 (in any capacity).

However, the Company need not disregard a vote on Resolution 4 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

If you appoint the Chairman as your proxy and you do not direct the Chairman how to vote, you will be expressly authorising the Chairman to exercise the proxy even if the relevant resolution is connected directly or indirectly with the remuneration of a Key Management Personnel for the Company. Shareholders should note that the Chairman intends to vote any undirected proxies in favour of all resolutions.

#### **Resolution 5**

In accordance with ASX Listing Rules, the Company will disregard any votes cast on Resolution 5 by Mr Voigt or by his associates.

In addition, the Corporations Act provides that a member of the Company's Key Management Personnel as disclosed in the Remuneration Report (which includes the Directors and the Chairman) or a closely related party of that Key Management Personnel, cannot cast a vote on Resolution 5 (in any capacity).

However, the Company need not disregard a vote on Resolution 5 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

If you appoint the Chairman as your proxy and you do not direct the Chairman how to vote, you will be expressly authorising the Chairman to exercise the proxy even if the relevant resolution is connected directly or indirectly with the remuneration of a Key Management Personnel for the Company. Shareholders should note that the Chairman intends to vote any undirected proxies in favour of all resolutions.

#### **Resolution 6**

The Company will disregard any votes cast on Resolution 6 by:

- any Director and any of their associates; and
- a member of the Key Management Personnel or a Closely Related Party of such a member.

However, the Company need not disregard a vote on Resolution 6 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

## **6. Enquiries**

Shareholders are invited to contact the Company Secretary, Melanie Leydin on (03) 9797 6700 if they have any queries in respect of the matters set out in these documents.

## EXPLANATORY STATEMENT

### Resolution 1: Ratification of Prior Share Issue

The Company is seeking shareholder approval to ratify the issue of 92,518,888 fully paid ordinary shares to Pengxin International Mining Co. Ltd., as part of a share placement that was issued on 27 March 2017.

ASX Listing Rule 7.4 provides that a company may reinstate its capacity to issue up to 15% of the ordinary securities on issue in a 12 month period if shareholders ratify the previous issue of securities and the issue did not breach Listing Rule 7.1.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the total number of fully paid ordinary shares in the Company that were issued is 92,518,888;
- (b) the Shares were issued at an issue price of \$0.88 (88 cents) per share;
- (c) the Shares allotted and issued rank equally with the existing Shares on issue;
- (d) the Shares were allotted and issued to Pengxin International Mining Co. Ltd.
- (e) the funds raised from the issue will be used to facilitate the development of the Company's Syerston Nickel Cobalt Scandium Project in New South Wales and for working capital purposes.

### Board Recommendation

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

### Voting Exclusions

The Company will disregard any votes cast on this resolution by any person who participated in the issue and any associates of those persons.

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### Resolution 2: Adoption of Employee Incentive Plan

The Company is seeking shareholder approval to adopt a new Employee Incentive Plan (**EIP**) in order to assist in the motivation, retention and reward of employees of the Company and its subsidiaries. The EIP is seeking to replace the previous shareholder approved Employee Share Option Plan and Employee Share Plans. The Board believes the EIP will form an important part of a comprehensive remuneration strategy for the Company's employees and Directors, aligning their interests with those of shareholders by linking their rewards to the long term success of the Company and its financial performance.

ASX Listing Rule 7.1 imposes a limit on the number of equity securities which the Company can issue in a 12 month period without prior shareholder approval.

Exception 9(b) of ASX Listing Rule 7.2 provides that an issue of securities made under an employee incentive scheme (such as the EIP) is not counted for the purposes of ASX Listing Rule 7.1 provided that certain conditions have been met. One of these conditions is that members have, within the last three years, approved the issue of securities under the scheme as an exception to ASX Listing Rule 7.1. Such shareholder approval is being sought under Resolution 2. Shareholders most recently approved the current EIP in November 2013.

The Company does not presently have any specific intention to issue equity securities that would exceed the Company's capacity to issue equity securities under ASX Listing Rule 7.1 in the absence of shareholder approval. Nevertheless, the Company wish to preserve the flexibility to issue the full 15% for each of the next three years. Approval under this Resolution 2 will provide more scope for the Company to raise additional equity if required.

The EIP has been developed to provide the greatest possible flexibility in choice to the Board in implementing the executive incentive schemes. The EIP enables the Board to offer employees and Directors a number of equity related interests, including Shares, Options and Performance Rights.

A summary of material terms of the EIP is set out as follows:

- the EIP sets out the framework for the offer of Shares, Options or Performance Rights by the Company, and is typical for a document of this nature;
- in making its decision to issue Shares, Options or Performance Rights, the Board may decide the number of securities and the vesting conditions which are to apply in respect of the securities. The Board has broad flexibility to issue Shares, Options or Performance Rights having regard to a range of potential vesting criteria and conditions;
- in certain circumstances, unvested Options or Performance Rights will immediately lapse and any unvested Shares held by the participant will be forfeited if the relevant person is a “bad leaver” as distinct from a “good leaver”;
- if a participant acts fraudulently or dishonestly or is in breach of their obligations to the Company or its subsidiaries, the Board may determine that any unvested Performance Rights or Options held by the participant immediately lapse and that any unvested Shares held by the participant be forfeited;
- in certain circumstances, Shares, Performance Rights or Options can vest early, including following a change of control or other events of a similar nature. For the purposes of this rule, a relevant control event occurs in a number of scenarios in which a third party may acquire 50% or more of the Company’s Shares;
- the total number of Shares that would be issued were each Option, Performance Right and Share under the EIP exercised or vested (as applicable), plus the number of Shares issued in the previous three years under the EIP, must not, at any time, exceed 5% of the total number of Company Shares on issue. Shares issued under the EIP will rank equally in all respects with other Shares and the Company must apply for the quotation of such Shares;
- the Board has discretion to impose restrictions (except to the extent prohibited by law or the ASX Listing Rules) on Shares issued or transferred to a participant on vesting of an Option or a Performance Right, and the Company may implement appropriate procedures to restrict a participant from so dealing in the Shares;
- in respect of vested Options or Performance Rights, if the Board becomes aware of an event which would have resulted in vesting criteria not being satisfied, such as a material misstatement in the Company’s financial statements during the vesting period, any affected vested Options or Rights may be cancelled for no consideration;
- in the event of any reorganisation of the issued capital of the Company on, or prior to, the expiry of the Performance Rights or Options, the rights of the relevant security holder can be changed in the discretion of the Board, including to comply with the applicable ASX Listing Rules in force at the time of the reorganisation; and
- the Board is granted a certain level of discretion under the EIP, including the power to amend the rules under which the EIP is governed and to waive vesting conditions, forfeiture conditions or disposal restrictions.

A copy of the EIP is available to shareholders free of charge on request.

At the date of this Notice, no securities have been issued under the proposed EIP.

The precise number of securities to be issued by the Company to eligible employees under the EIP within the next three years cannot be presently ascertained as it will depend on a variety of factors, including the achievement of Company and individual, financial and non-financial performance measures.

### ***Shareholder loans***

Under the EIP, the Board may determine that a loan may be made by the Company to a participant for the purpose of acquiring or subscribing for Shares the subject of an offer under the EIP and such terms and conditions are to be determined with respect to any offer under the EIP.

Shareholder approval by ordinary resolution is sought for the implementation of the EIP, including in compliance with the following laws.

### ***Exemption for financial assistance***

Section 260C(4) of the Corporations Act requires shareholder approval by ordinary resolution in order to access the exemption from the prohibition on a company financially assisting the acquisition of shares in itself under section 260A of the Corporations Act. Any proposed loan to participants to fund the acquisition of Shares constitutes financial assistance. The exemption is available where the assistance is given under an employee share scheme that has been approved at a general meeting of the Company.

### ***Exemption for security over own shares***

Section 259B(2) of the Corporations Act requires shareholder approval by ordinary resolution in order to access the exemption from the prohibition on a company taking security over shares in itself under section 259B(1) of the Corporations Act. In this case, any proposed mortgage over Shares issued to participants in connection with any loan to fund the acquisition of those Shares constitutes such a security. The exemption is available where the security is taken under an employee share scheme that has been approved at a general meeting of the company.

### ***Board recommendation***

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

### ***Voting Exclusions***

The Company will disregard any votes cast on this resolution by any Director (other than a Director who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of their associates.

However, the Company need not disregard a vote on this resolution if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

### **Resolution 3: Approval to Grant Options to Mr Michael Spreadborough (or his nominee)**

The Company is seeking shareholder approval for up to 750,000 unlisted options (**Options**) to be issued to Mr Michael Spreadborough (or his nominee) in connection with his appointment as a Non-Executive Director on 8 December 2016 for up to a total of 750,000 fully paid ordinary shares on the terms as described below and in accordance with the Employee Incentive Plan (**EIP**).

### **Terms of Options**

Each Option will have an exercise price of \$0.77 (77 cents), expire three (3) years from the date the grant was approved by the Board, subject to shareholder approval, (17 February 2017) and will, upon exercise, entitle the holder to one fully paid ordinary share in the Company.

The options expire 17 February 2020, the date which is three years from date the date at which the Board agreed to the issue of options subject to shareholder approval. The Options will vest in two equal tranches of 375,000 on 8 December 2017 and 8 December 2018. The Options have a strike price of A\$0.77 per share which is a 20.6% premium to the 30 day volume weighted average price of Clean TeQ shares up to and including 17 February 2017, the date on which the issue was agreed by the Board, subject to shareholder approval.

The Options shall be issued under and subject to the terms of the EIP.

### **Directors Interest**

As at the date of this Notice, Mr Spreadborough has no direct or indirect interest in the Company.

### **Corporations Act**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless either:



- the giving of the financial benefit falls within one of the exceptions to the provisions; or
- prior shareholder approval is obtained to the giving of the financial benefit.

A “related party” for the purposes of the Corporations Act is defined widely and includes a director of a public company.

A “financial benefit” for the purposes of the Corporations Act also has a very wide meaning. It includes a public company paying money or issuing securities to a related party.

Mr Spreadborough is a related party of the Company due to the fact that he is a Director of the Company. The issue of Options to Mr Spreadborough constitutes a “financial benefit” as described in the Corporations Act. Accordingly, the proposed issue of Options pursuant to this resolution will constitute the provision of a financial benefit to a related party of the Company.

The Board has formed the view that the proposed issue of Options to Mr Spreadborough (or his nominee) does not require shareholder approval under section 208 of the Corporations Act as the issue constitutes “reasonable remuneration” in accordance with section 211 of the Corporations Act. In reaching this view, the Board considers the proposed issue of Options to Director Mr Spreadborough is aligned with shareholder interests. Accordingly, the Board is not seeking shareholder approval under section 208 of the Corporations Act, although shareholder approval must be obtained pursuant to ASX Listing Rule 10.11.

### **ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires approval of shareholders before securities can be issued to a related party. If approval is given under ASX Listing Rule 10.11 approval is not required under ASX Listing Rule 7.1. Accordingly, shareholders should note that the issue of securities to Mr Spreadborough will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

The following information is given under ASX Listing Rule 10.13 on the Options that are proposed to be issued to Mr Spreadborough:

- (a) the related party is Mr Michael Spreadborough (or his nominee) and he is related by virtue of being a Director of the Company;
- (b) the maximum number of Options to be issued in total is 750,000;
- (c) each Option will have an exercise price of \$0.77 (77 cents), expire on 17 February 2020, three (3) years from the date the grant was approved by the board, subject to shareholder approval, (17 February 2017) and will, upon exercise, entitle the holder to one fully paid ordinary share in the Company;
- (d) full terms of the Options are set out in the Employee Incentive Plan Rules (a copy of which is available to shareholders on request);
- (e) Options will be issued no later than one month after the date of the General Meeting;
- (f) the Options will be issued for nil consideration, as such no cash will be raised from the issue of the Options. Funds raised upon exercise of the Options will be applied to the working capital requirements of the Company at the time of exercise; and
- (g) a voting exclusion statement in the Notice of which this Explanatory Statement forms part and is set out below.

### ***Board Recommendation***

The Board (with Mr Spreadborough abstaining), recommends that Shareholders vote in favour of Resolution 3.

### ***Voting Exclusions***

The Company will disregard any votes cast on this resolution by a person who is to receive the Options (being Mr Spreadborough) and any associate of that person.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or by the Chairman of the meeting as proxy for a person who is entitled to vote and does not specify the way the proxy is to vote.

Further, a member of the Key Management Personnel and their closely related parties who are appointed proxy will not vote on this resolution unless the appointment specifies the way the proxy is to vote on the resolution or the proxy is the Chairman and the appointment expressly authorises the Chairman to exercise the proxy even though this resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

**Resolution 4 and 5: Approval of Long Term Incentive Grant of Performance Rights to Mr Sam Riggall (or his nominee) and Mr Peter Voigt (or his nominee)**

Resolutions 4 and 5 of this Notice provide for 172,969 Performance Rights to be granted to Mr Sam Riggall (or his nominee) and 411,546 Performance Rights to be granted to Mr Peter Voigt (or his nominee), and on the terms described below and in accordance with the Employee Incentive Plan (**EIP**).

Performance Rights are proposed to be granted to each of Mr Sam Riggall (or his nominee) and Mr Peter Voigt (or his nominee) to align their interests with the interests of Shareholders. The grant of the Performance Rights (and the subsequent issue of Shares if certain vesting conditions are met) to Mr Sam Riggall (or his nominee) and Mr Peter Voigt (or his nominee) is a cash retentive form of remuneration when compared to the payment of cash consideration.

It should also be noted that the extent to which the Performance Rights will vest is dependent on the shareholder returns generated by the Company outperforming a group of peer companies, which is intended to align the interests of all Shareholders.

The establishment of an effective performance management system assists in maintaining a focus on delivering superior shareholder returns. A key role of this program is to ensure that this objective is achieved. It should be recognised that the achievement of these objectives will be to the benefit of all Shareholders, and the conversion of the Performance Rights can only occur if these benefits are realised.

Consistent with the desire to minimise cash expenditures, the Board believes that in order to incentivise Mr Sam Riggall (or his nominee) and Mr Peter Voigt (or his nominee) in line with current market practices, Performance Rights provide an appropriate and meaningful remuneration component to executive management that is aligned with Shareholder interests.

**Terms of Performance Rights**

Resolutions 4 and 5 of this Notice provide for a total of 584,515 Performance Rights to be granted to Mr Sam Riggall (or his nominee) and Mr Peter Voigt (or his nominee) as a component of their revised overall executive remuneration package with effect from 1 July 2017.

The Performance Rights will be issued to Mr Riggall and Mr Voigt for nil consideration. The vesting of the Performance Rights is contingent on the Company achieving hurdles over a three year performance period. Further details on how Performance Hurdles are calculated are described below.

The value of the Performance Rights which are proposed to be granted can only be definitively determined at the time of grant, following Shareholder approval.

The Performance Rights shall be issued under and subject to the terms of the EIP.

**Conversion of Performance Rights into Shares**

Under the EIP, the Company is required to issue, or procure the transfer of, Shares to Mr Riggall and Mr Voigt in respect of Performance Rights for nil cash consideration on:

- (a) the satisfaction of the Performance Hurdles (to the extent of the satisfaction of those hurdles) for the relevant Performance Period three years from the date of each grant of Performance Rights (**Performance Date**) provided that in the absence of special circumstances Mr Riggall and Mr Voigt remains employed by the Company; or
- (b) the occurrence of an Accelerated Event (more detail on the meaning of an Accelerated Event is provided below).

## Performance Hurdles

Subject to an Accelerated Event, the Performance Rights will not vest unless the Performance Hurdles have been achieved by the Performance Date.

If the Performance Hurdles are not satisfied by the Performance Date the entitlement to Shares will lapse unless:

- (a) the Nomination & Remuneration Committee decide exceptional circumstances justify the reduction or waiver in whole or in part of the Performance Hurdles; or
- (b) an Accelerated Event occurs.

There is no ability to re-test whether or not the Performance Hurdles have been satisfied after the Performance Period has ended.

The number of Performance Rights which vest is determined by assessing the performance of the Company, as measured by Total Shareholder Return (**TSR**) at the Performance Date relative to a comparator group of companies (the **Performance Hurdle**). The VWAP of the Shares in the one-month preceding the Performance Date compared to VWAP of the Shares in the one month preceding the grant date, will be used in calculating TSR over the three year period. The TSR incorporates capital returns as well as dividends notionally reinvested and is considered the most appropriate means of measuring the Company's performance.

Performance Rights will only convert to Shares subject to the Performance Period being met and subject to the Company's TSR being at least equal to the median of the comparator group performance. The entire annual allocation will convert if the Company's TSR is at the 75th percentile or higher than the comparator group performance. The detailed breakdown of the relationship between the Company's performance and the conversion of Performance Rights is:

- 0% converting if the Company TSR performance is below the median performance of the comparator group.
- Straight line Pro-rata conversion if the Company TSR performance is at or above the median performance of the comparator group, but below the 75th percentile performance of the comparator group.
- 100% converting if the Company TSR performance is at or above the 75th percentile performance of the comparator group.

For these purposes, the comparator group is as follows:

Independence Group NL (ASX: IGO)	Magnis Resources Limited (ASX: MNS)
Mineral Resources Limited (ASX: MIN)	Lynas Corporation Limited (ASX: LYC)
Galaxy Resources Limited (ASX: GXY)	Terramin Australia Limited (ASX: TZN)
Orocobre Limited (ASX: ORE)	Altura Mining Limited (ASX: AJM)
Syrah Resources Limited (ASX: SYR)	Avanco Resources Limited (ASX: AVB)
Western Areas Ltd (ASX: WSA)	CI Resources Limited (ASX: CII)
Pilbara Minerals Limited (ASX: PLS)	Neometals Ltd (ASX: NMT)
Metals X Limited (ASX: MLX)	Kidman Resources Limited (ASX: KDR)
Cudoco Limited (ASX: CDU)	

In addition to the Performance Period and Performance Hurdles, the vesting of Performance Rights is subject to the continuing employment of Mr Riggall and Mr Voigt. Subject to an Accelerated Event, Performance Rights will generally lapse on Mr Riggall's and Mr Voigt's resignation or dismissal.

If an Accelerated Event occurs, all Performance Rights granted will automatically vest into Shares, irrespective of whether Performance Hurdles have been achieved.

To the extent that Performance Hurdles have not been satisfied in respect of a Performance Right, and an Accelerated Event has not occurred, once a Performance Period expires, that Performance Right lapses.

Having regard to the Performance Hurdles, the Directors consider that the issue of the Performance Rights represents reasonable remuneration.

## Accelerated Event

Performance Rights granted under the EIP will convert to Shares if an Accelerated Event has occurred. For the avoidance of doubt, if an Accelerated Event occurs, the Performance Hurdles and the associated Performance Period do not apply to any of the Performance Rights granted under the EIP to an Executive Officer.

### **ASX Listing Rule 10.14**

ASX Listing Rule 10.14 provides that a company must not permit a Director or their associates to acquire securities under an employee incentive scheme without Shareholder approval. The EIP constitutes an 'employee incentive scheme' under the ASX Listing Rules. If approval is given under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1.

#### *Disclosures for the purposes of ASX Listing Rule 10.14*

As Mr Riggall Mr Voigt are Directors of the Company, Shareholder approval is required in respect of the proposed grant of Performance Rights to Mr Riggall (or his nominee) and Mr Voigt (or his nominee) as described above.

The following disclosures are made for the purposes of ASX Listing Rule 10.15A:

- (a) the maximum number of Performance Rights that can be awarded under this approval are 172,969 to Mr Riggall and 411,546 to Mr Voigt respectively. Subject to the satisfaction of the vesting conditions described above, Mr Riggall and Mr Voigt will receive one Share in the Company for each Performance Right granted;
- (b) no consideration is payable on the grant of the Performance Rights, or the conversion of each Performance Right into a Share upon satisfaction of the vesting conditions;
- (c) no loan will be made by the Company in relation to the grant of Performance Rights to Mr Riggall and Mr Voigt;
- (d) details of any Performance Rights issued under the EIP will be published in each annual report of the Company relating to a period in which the Performance Rights have been issued;
- (e) any additional persons referred to in ASX Listing Rule 10.14 who become entitled to participate in the EIP after the resolution was approved and who were not named in the Notice of Meeting will not participate until approval is obtained under ASX Listing Rule 10.14;
- (f) only Mr Riggall and Mr Voigt are entitled to participate in the EIP after Resolution 4 and 5 is approved and who was not named in this Notice of Meeting will not participate until approval is obtained under ASX Listing Rule 10.14; and
- (g) if Shareholder approval is obtained, the Performance Rights will be granted no later than one month after the Meeting.

In addition, it is noted that:

- (a) Mr Riggall's security interests in the Company are:
  - 6,917,944 fully paid ordinary shares;
  - 480,000 unlisted performance rights, expiring 1 July 2018;
  - 831,025 unlisted performance rights, expiring 1 July 2019;
  - 8,000,000 unlisted options exercisable at 15.74 cents per option, expiring 25 February 2018;
  - 8,000,000 unlisted options exercisable at 23.05 cents per option, expiring 30 June 2018; and
  - 8,000,000 unlisted options exercisable at 31.00 cents per option, expiring 16 May 2019.

(b) Mr Voigt's security interests in the Company are:

- 27,725,794 fully paid ordinary shares;
- 400,000 unlisted performance rights, expiring 1 July 2018;
- 461,681 unlisted performance rights, expiring 1 July 2019;
- 2,000,000 unlisted options exercisable at 14.50 cents per option, expiring 31 March 2018; and
- 1,000,000 unlisted options exercisable at 28.20 cents per option, expiring 16 May 2019.

(c) the dilution effect of the Performance Rights is in aggregate in the order of 0.10% of the total Shares on issue.

### ***Board Recommendation***

The Nomination & Remuneration Committee has approved the grant of Performance Rights to Mr Riggall and Mr Voigt to secure their tenure with the Company as part of their remuneration as Managing Director and Executive Director, having regard to their roles and the current stage of the Company's development, and to provide an incentive to improve the financial performance of the Company and, in turn, shareholder value.

The Board (with Mr Riggall and Mr Voigt each abstaining in respect of Resolutions 4 and 5, respectively) recommends that Shareholders vote in favour of Resolutions 4 and 5.

### ***Voting Exclusions***

The Company will disregard any votes cast on this resolution by any Director (other than a Director who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of their associates.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or by the Chairman of the meeting as proxy for a person who is entitled to vote and does not specify the way the proxy is to vote.

Further, a member of the Key Management Personnel and their closely related parties who are appointed proxy will not vote on this resolution unless the appointment specifies the way the proxy is to vote on the resolution or the proxy is the Chairman and the appointment expressly authorises the Chairman to exercise the proxy even though this resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

### **Resolution 6: Increase in Aggregate Non-Executive Director Remuneration**

The Company seeks shareholder approval to increase the maximum aggregate fees paid to non-executives of the Board by \$500,000, from \$500,000 to \$1,000,000 per annum. Shareholder approval is sought under clause 61 of the Constitution and ASX Listing Rule 10.17.

The Board considers it appropriate to increase the Maximum Fees Cap, to take account of:

- the Board recently appointing additional Non-Executive Directors' to provide additional skills and expertise;
- the continuing increase in size and scale of operations of the Company;
- the need to enable incremental increases in Non-Executive Director remuneration as required over time; and
- the need for appropriate succession planning.

It is imperative that the Company remains able in the future to attract and retain Non-Executive Directors with the appropriate experience, expertise, skills and diversity to oversee the Company's business and strategic direction. An increased Maximum Fees Cap will assist to achieve this and will also provide the Company with sufficient flexibility to make appropriate appointments to the Board if suitable candidates are identified.

Shareholders should also note that, if the proposed new Maximum Fees Cap is approved, it will not necessarily represent the full sum paid to Non-Executive Directors each financial year. The Company will in future continue to set the actual level of remuneration of its Non-Executive Directors within the Maximum Fees Cap, having regard to independent external advice, market practice, Board performance and other appropriate factors.

The remuneration of each Non-Executive Director for the financial year ended 30 June 2016 is detailed in the Annual Report.

As required by ASX Listing Rule 10.17, the following is a list of all securities issued to the Company's Non-Executive Directors under ASX Listing Rule 10.11 or 10.14 within the preceding three years:

- 750,000 unlisted options granted to Roger Harley for nil cash consideration on 20 November 2015, exercisable at \$0.2712 (27.12 cents) and expiring 30 November 2018;
- 375,000 unlisted options granted to Roger Harley for nil cash consideration on 27 September 2016, exercisable at \$0.3100 (31 cents) and expiring 16 May 2019;
- 750,000 unlisted options granted to Eric Finlayson for nil cash consideration on 20 November 2015, exercisable at \$0.2712 (27.12 cents) and expiring 30 November 2018;
- 375,000 unlisted options granted to Eric Finlayson for nil cash consideration on 27 September 2016, exercisable at \$0.3100 (31 cents) and expiring 16 May 2019;
- 750,000 unlisted options granted to Ian Knight for nil cash consideration on 20 November 2015, exercisable at \$0.2712 (27.12 cents) and expiring 30 November 2018; and
- 375,000 unlisted options granted to Ian Knight for nil cash consideration on 27 September 2016, exercisable at \$0.3100 (31 cents) and expiring 16 May 2019;

#### ***Board Recommendation***

Given their interest in the outcome of this resolution, the Board does not make any recommendation on how Shareholders vote in respect of Resolution 6.

#### ***Voting Exclusions***

The Company will disregard any votes cast on this resolution by any Director and any of their associates.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or by the Chairman of the meeting as proxy for a person who is entitled to vote and does not specify the way the proxy is to vote.

Further, a member of the Key Management Personnel and their closely related parties who are appointed proxy will not vote on this resolution unless the appointment specifies the way the proxy is to vote on the resolution or the proxy is the Chairman and the appointment expressly authorises the Chairman to exercise the proxy even though this resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“\$” means Australian Dollars;

“**ASX**” means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires;

“**ASX Settlement Operating Rules**” means the rules of ASX Settlement Pty Ltd which apply while the Company is an issuer of CHESS approved securities;

“**Board**” means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;

“**Chairman**” means the person appointed to chair the Meeting of the Company convened by the Notice;

“**Company**” means Clean TeQ Holdings Limited ABN 34 127 457 916;

“**Constitution**” means the constitution of the Company as at the date of the Meeting;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a Director of the Company;

“**Equity Security**” has the same meaning as in the Listing Rules;

“**Explanatory Memorandum**” means the explanatory memorandum which forms part of the Notice;

“**Listing Rules**” means the Listing Rules of the ASX;

“**Meeting**” has the meaning given in the introductory paragraph of the Notice;

“**Notice**” means the Notice of Meeting accompanying this Explanatory Statement;

“**Proxy Form**” means the proxy form attached to the Notice;

“**Resolution**” means a resolution referred to in the Notice;

“**Schedule**” means schedule to the Notice;

“**Section**” means a section of the Explanatory Memorandum;

“**Share**” means a fully paid ordinary share in the capital of the Company;

“**Shareholder**” means shareholder of the Company.

# GM Registration Card

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

**[BARCODE]**

[HolderNumber]

[Name/Address 1]  
[Name/Address 2]  
[Name/Address 3]  
[Name/Address 4]  
[Name/Address 5]  
[Name/Address 6]

## Vote by Proxy

**CLQ: [BARCODE]** Holder Number: [HolderNumber]

### Option A – Please choose to vote online, because:

- ✓ **Save Your Money:** This company you own a part of has to spend thousands of dollars each year in print and postage costs. Online voting will reduce this unnecessary expense.
- ✓ **It's Quick and Secure:** Voting online provides you with greater privacy over your instructions, eliminates any postal delays and removes the risk of it being potentially lost in transit.
- ✓ **Receive Vote Confirmation:** Voting online is the only method which provides you with confirmation that your vote has been processed. It also allows you to amend your vote if required.



To Access online voting you can scan the barcode to the right with your tablet or mobile device or you can enter the following link into your browser.  
Voting online is quick and easy to do.

<https://investor.automic.com.au/#!/loginsah>

### STEP 1: Please appoint a Proxy

### Option B – Appoint a proxy, by paper:

I/We being a Shareholder entitled to attend and vote at the General Meeting of the Company, to be held at **10.00 am (Melbourne Time) on Wednesday, 19 July 2017 at Baker & McKenzie, Level 19, 181 William Street, Melbourne Victoria 3000** hereby:

**Appoint the Chairman of the Meeting (Chair)** 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

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

**The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.**

Unless indicated otherwise by ticking the "for," "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

### STEP 2: Voting Direction

Resolutions	For	Against	Abstain	Resolutions	For	Against	Abstain
1 Ratification of Prior Share Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4 Approval of Long Term Incentive Grant of Performance Rights to Mr Sam Riggall (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Adoption of Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Approval of Long Term Incentive Grant of Performance Rights to Mr Peter Voigt (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval to Grant Options to Mr Michael Spreadborough (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Increase in Aggregate Non-Executive Director Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.*

### STEP 3

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2017

Email Address .....



## HOW TO COMPLETE THIS PROXY VOTING FORM

### LODGING YOUR PROXY VOTE

This Proxy Voting Form (and any Power of Attorney under which it is signed) must be received at an address given below by 10.00am (Melbourne Time) on Monday, 17 July, 2017, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting Forms received after that time will not be valid for the scheduled Meeting.

Proxy Voting Forms can be lodged:



#### ONLINE

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



Login to the Automic website using the holding details as shown on the Proxy Voting Form. Click on 'View Meetings' – 'Vote'. To use the online lodgement facility, shareholders will need their Holder Number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on front of the Proxy Voting form.



#### BY MAIL

Automic Registry Services  
PO Box 2226  
Strawberry Hills NSW 2012



#### BY HAND

Automic Registry Services  
Level 3, 50 Holt Street, Surry Hills NSW 2010



#### ALL ENQUIRIES TO

Telephone: 1300 288 664 Overseas: + 61 2 9698 5414

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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 on 1300 288 664 or you may copy this form.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

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

**Joint holding:** Where the holding is in more than one name, all of the 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>.

### ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

### OTHER RESOLUTIONS

Should any resolution, other than those specified in this Proxy Voting Form, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.

### POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

### YOUR NAME AND ADDRESS

This is your name and address 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.

### VOTING UNDER STEP 1 - APPOINTING A PROXY

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. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

### DEFAULT TO THE 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 these 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 Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.