

Dawney & Co Ltd
Level 8, 1 Eagle Street
Brisbane QLD 4001
ACN: 138 270 201

<http://www.dawneyco.com.au/>

Dawney & Co Ltd

Notice of 2021 Annual General Meeting Explanatory Statement | Proxy Form

15 November 2021

4:00pm AEST

Address

Hopgood Ganim
Waterfront Place
Level 8, 1 Eagle Street
Brisbane City QLD 4000

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.

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Venue and Voting Information

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 4:00pm (AEST) on 15 November 2021 at Hopgood Ganim, Waterfront Place, Level 8, 1 Eagle Street Brisbane QLD 4000.

Your vote is important

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

Voting in person

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

Voting by proxy

To vote by proxy, please use one of the following methods:

Online	Lodge the Proxy Form online at https://investor.automic.com.au/#/loginsah by following the instructions: Login to the Automic website using the holding details as shown on the Proxy 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 the front of the Proxy Form.
By post	Automic, GPO Box 5193, Sydney NSW 2001
By hand	Automic, Level 5, 126 Phillip Street, Sydney NSW 2000

Your Proxy instruction must be received not later than 48 hours before the commencement of the Meeting. **Proxy Forms received later than this time will be invalid.**

Power of Attorney

If the proxy form is signed under a power of attorney on behalf of a shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the proxy form, unless the power of attorney has already provided it to the Share Registry.

Corporate Representatives

If a representative of a corporate shareholder or a corporate proxy will be attending the Meeting, the representative should bring to the Meeting adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Shareholders of Dawney & Co Ltd ACN 138 270 201 will be held at 4:00pm (AEST) on 15 November 2021 at Hopgood Ganim, Waterfront Place, Level 8, 1 Eagle Street, Brisbane City QLD 4000 (**Meeting**).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form forms part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 4:00pm (AEST) on 13 November 2021.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

Agenda

Ordinary business

Financial statements and reports

“To receive and to consider the Annual Financial Report of the Company for the financial year ended 30 June 2021 together with the declaration of the Directors, the Directors’ Report, the Remuneration Report and the Auditor’s Report for that financial year.”

Note: This item of ordinary business is **for discussion only and is not a resolution**.

Pursuant to the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, or make comments in relation to, each of the aforementioned reports during consideration of these items.

Resolutions

Remuneration Report

1. **Resolution 1** – Adoption of Remuneration Report

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

“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s Annual Financial Report for the financial year ended 30 June 2021.”

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

Voting Exclusion Statement: In accordance with the Corporations Act, the Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Company’s key management personnel (including the Directors), whose remuneration details are included in the Remuneration Report (**KMP**), or any of that person’s Closely Related Parties (such as close family members and any controlled companies of those persons) (collectively referred to as Restricted Voter). However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; and
- (b) it is not cast on behalf of a Restricted Voter.

If you appoint the person chairing the Meeting (**Chair**) and you are not a Restricted Voter, by submitting the Proxy Form you authorise the person chairing the Meeting to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a KMP, and you will be taken to have directed the Chair to vote in accordance with his or her stated intention to vote in favour of Resolution 1. If you do not want your vote exercised in favour of Resolution 1, you should direct the person chairing the Meeting to vote “against”, or to abstain from voting on, this Resolution.

Re-election of Director

2. **Resolution 2** – Re-election of Kerry Daly as Director

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

“That Mr Kerry Daly, a Director who retires by rotation in accordance with the clause 20.2 of the Company’s Constitution and being eligible offers himself for re-election as a Director of the Company, effective immediately.”

Issue of Equity Securities

3. Resolution 3 – Approval to Issue Additional Equity Securities under NSX Listing Rule 6.25

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

“That, for the purposes NSX Listing Rule 6.25 and for all other purposes, the Shareholders approve the issue of equity securities up to 10% of the issued capital of the Company as of the date of this Notice and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”

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

- (a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 5 by:

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

Special business

Issuance of shares to non-executive directors in lieu of director’s fees

4. Resolution 4 – Approval of Issue of Shares to Giles Craig, Director of the Company

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

“That, for the purposes of NSX Listing Rule 6.25 and 6.44 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 75,000 fully paid ordinary shares in lieu of Director’s Fees to Giles Craig, a Director of the Company, and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of:

- (a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an Associate of that person or those persons. However, this does not apply to a vote cast in favour of Resolution 3 by:
 - (i) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
 - (ii) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
 - (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement: In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 3 if:

- (a) the proxy is either:
 - (i) a member of the Company's Key Management Personnel; or
 - (ii) a closely related party of a member of the Company's Key Management Personnel; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

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

5. **Resolution 5** – Approval of Issue of Shares to Kerry Daly, Director of the Company

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

"That, for the purposes of NSX Listing Rule 6.25 and 6.44 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 75,000 fully paid ordinary shares in lieu of Director's Fees to Kerry Daly, a Director of the Company, and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of

Resolution 4 by or on behalf of:

- (a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an Associate of that person or those persons. However, this does not apply to a vote cast in favour of Resolution 4 by:
 - (i) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
 - (ii) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
 - (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement: In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 4 if:

- (a) the proxy is either:
 - (i) a member of the Company's Key Management Personnel; or
 - (ii) a closely related party of a member of the Company's Key Management Personnel; and

(b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

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

Buy-back Authority

Resolution 6 – Unmarketable Parcels

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

“That Clause 14 of the Constitution of the Company be amended as follows:

(a) by inserting in Clause 14.1 the following terms :

“

“sell” includes a buy-back;

”

(b) by adding at the commencement of Clause 14.7 the following;

“Except in the case of a buy-back by the company ...”

Renewal of Proportional Takeover Provisions

Resolution 7 – Renewal of Proportional Takeover Provisions in Constitution

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

“That Clause 13 of the Company’s Constitution, as set out in the Explanatory Memorandum accompanying and forming part of this Notice of Meeting, is renewed in accordance with Part 6.5 of the Corporations Act 2001 (Cth) for a period of three years commencing on the date this resolution is passed.”

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'M. Dawney', with a large, sweeping flourish extending to the right.

Mitchell Dawney
Director

Explanatory Statement

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 4:00pm (AEST) on 15 November 2021 at Hopgood Ganim, Waterfront Place, Level 8, 1 Eagle Street, Brisbane City QLD 4000

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

If you are in any doubt about what to do in relation to the Resolutions contemplated in the Notice of Meeting and this Explanatory Statement, it is recommended that you seek advice from an accountant, solicitor or other professional advisor.

Full details of the business to be considered at the Annual General Meeting are set out below.

Agenda

Ordinary business

Financial statements and reports

In accordance with the Constitution and the Corporations Act, the business of the Annual General Meeting will include receipt and consideration of the Annual Financial Report of the Company for the financial year ended 30 June 2021 together with the declaration of the Directors, the Director's Report, the Remuneration Report and the Auditor's Report.

In accordance with the amendments to the Corporations Act, the Company is no longer required to provide a hard copy of the Company's Annual Financial Report to Shareholders unless a Shareholder has specifically elected to receive a printed copy.

Whilst the Company will not provide a hard copy of the Company's Annual Financial Report unless specifically requested to do so, Shareholders may view the Company Annual Financial Report on its website at www.dawneyco.com.au.

No resolution is required for this item, but Shareholders will be given the opportunity to ask questions and to make comments on the management and performance of the Company.

The Company's auditor will be present at the Meeting. During the discussion of this item, the auditor will be available to answer questions on the:

- Conduct of the audit;
- Preparation and content of the Auditor's Report;
- Accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- Independence of the auditor in relation to the conduct of the audit.

Written questions of the auditor

If you would like to submit a written question about the content of the Auditor's Report or the conduct of the audit of the Annual Financial Report of the Company's auditor, please send your question to the Company Secretary. A list of qualifying questions will be made available at the Meeting.

Please note that all written questions must be received at least five business days before the Meeting, which is by 1 November 2021.

Resolutions

Remuneration Report

Resolution 1 – Adoption of Remuneration Report

In accordance with section 250R(2) of the Corporations Act, the Company is required to present to its Shareholders the Remuneration Report as disclosed in the Company's Annual Financial Report.

The vote on the Resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company's Annual Financial Report and is also available on the Company's website at www.dawneyco.com.au.

However, if at least 25% of the votes cast are against the adoption of the Remuneration Report at the Meeting (subject of this Notice of Meeting), and then again at the 2022 Annual General Meeting (**2022 AGM**), the Company will be required to put to the vote a resolution (**Spill Resolution**) at the 2022 AGM to approve the calling of a further meeting (**Spill Meeting**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the Spill Meeting within 90 days of the 2022 AGM. All of the Directors who were in office when the 2022 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the Spill Meeting.

The Remuneration Report explains the Board's policies in relation to the nature and level of remuneration paid to KMPs (including Directors) and sets out remuneration details, service agreements and the details of any share-based compensation.

Voting

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the Directors and other Restricted Voters must not vote on this Resolution and must not cast a vote as proxy, unless the appointment gives a direction on how to vote, or the proxy is given to the Chair and you submit the Proxy Form, authorising the Chair to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a KMP and that in doing so you will be taken to have directed the Chair to vote in accordance with the Chair's stated intention to vote in favour of Resolution 1.

Shareholders are urged to read carefully the Proxy Form and to provide a direction to the proxy on how to vote on this Resolution.

Re-election of Director

Resolution 2 – Re-election of Kerry Daly as Director

The Company's Constitution requires that at the Company's annual general meeting, one third of the Directors (other than any Managing Director) or, if their number is not a multiple of three, then the number nearest to but not less than one third) must retire. In addition, a Director (other than a Managing Director) must retire from office at the conclusion of the third annual general meeting after which the Director was elected or re-elected. The Directors to retire are the Directors (or Director) longest in office since last being elected.

Mr Kerry Daly was last elected as a Director on 20 November 2019 (AGM).

A Director who retires in accordance with clause 20.2 of the Company's Constitution is eligible for re-election. Under this Resolution, Kerry Daly has elected to retire by rotation, and being eligible, seeks re-election as a Director of the Company at this AGM.

Kerry Daly holds a Bachelor of Business (Accountancy) and is a Certified Practicing Accountant. Mr Daly has been a Board member since 5 October 2018.

Directors' recommendation

The Directors (excluding Mr Kerry Daly) recommend that Shareholders vote for this Resolution.

Issue of Equity Securities

Resolution 3 – Approval to Issue Additional Equity Securities under NSX Listing Rule 6.25

This Resolution seeks shareholder approval under NXS Listing Rule 6.25 to allow the Company to issue equity securities up to 10% of its ordinary securities on issue as at the date of this Notice, in addition to the Company's existing 15% capacity under Listing Rule 6.25.

NSX Listing Rule 6.25

Listing Rule 6.25 allows an entity to issue (or agree to issue) equity securities up to 15% of the Company's ordinary securities on issue in any 12 month period without the approval of the Shareholders of the Company. If the Company wishes to issue equity securities above its 15% capacity, the Company must obtain shareholder approval at a general meeting prior to the issue, unless an exception applies.

As at the date of this Notice, the Company has on issue 19,244,489 fully paid ordinary securities, therefore, subject to Shareholder approval being obtained under this Resolution, the Company will have the capacity to issue 1,924,448 additional equity securities.

Details regarding the purposes for which any particular issue under this Resolution is made will be more fully detailed in an announcement to the NSX at the time the issue is made.

Offers made under this Resolution may be made to parties (excluding any related parties) including professional and sophisticated investors or any other person to whom the Company is able to make an offer of equity securities.

If this Resolution is approved, the Company will have the ability to issue up to 10% of its issued capital as at the date of this Notice without further Shareholder approval and therefore allow it to take advantage of opportunities to obtain further funds if required and available in the future.

The following information in relation to the issue of shares under this Resolution is provided to Shareholders for the purposes of Listing Rule 6.25:

- (a) The identity of the allottees of Shares under this Resolution will be determined at the time the Company decides to make an issue having regard to a number of factors.
- (b) The maximum number of equity securities to be issued is up to 10% of the Company's ordinary securities on issue as at the date of this Notice, being 19,244,489 equity securities.
- (c) The equity securities will be issued within 12 months of Shareholder approval being obtained by the Company.
- (d) The issue price of the equity securities to be issued under this Resolution will be determined at the time of issue, having regard to proximate trading prices of the Company's Shares quoted on the NSX. In some circumstances, the Company may issue equity securities under this Resolution for non-cash consideration (for example, in lieu of cash payments to consultants, suppliers or vendors).
- (e) If the equity securities are Shares, the Shares will be fully paid on issue and rank equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.

- (f) If the equity securities are Shares, funds raised from the issue of the Shares will be used by the Company for working capital purposes.

Directors' recommendation

The Board unanimously recommends that shareholders vote in favour of the ordinary resolution in relation to Resolution 3. The Chairman of the Meeting intends to vote all available proxies in favour of the ordinary resolution.

Special Resolutions

Resolution 4 – Approval of Issue of Shares to Giles Craig, Director of the Company

Background

This Resolution seeks Shareholder approval to issue and allot 75,000 Shares at an issue price of \$0.20, in lieu of Director's fees in the sum of \$15,000 to Mr Giles Craig, Director of the Company for the period to 30 June 2022.

The issue of Shares is a reasonable and efficient method to provide cost effective remuneration to Directors compared to cash forms of remuneration as it allows the Company to retain a greater portion of its cash reserves for operational and working capital purposes.

NSX Listing Rule 6.25

NSX Listing Rule 6.25 allows an entity to issue (or agree to issue) equity securities up to 15% of the Company's ordinary securities on issue in any 12 month period without the approval of the Shareholders of the Company. If the Company wishes to issue equity securities above its 15% capacity, the Company must obtain shareholder approval at a general meeting prior to the issue, unless an exception applies. Therefore, the effect of this Resolution is to obtain shareholder approval for the issue of these Shares, which will allow the Company to issue the Shares without using the Company's 15% capacity under Listing Rule 6.25.

NSX Listing Rule 6.44 and Related Party Approvals

NSX Listing Rule 6.44 provides that a Company shall obtain shareholder approval for any issue of equity securities to a related party unless an exception applies. Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the exceptions to the provisions; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed issue of Shares (which is a type of equity security, for the purposes of the NSX Listing Rules) constitutes the giving of a financial benefit. A "related party" for the purposes of the Corporations Act and the Listing Rules is widely defined and includes a director of a public company, a spouse of a director of a public company or an entity controlled by a director of a public company. The definition of "related party" also includes a person whom there is reasonable grounds to believe will become a "related party" of a public company.

The non-conflicted Directors of the Company (being Mitchell Dawney and Kerry Daly) carefully considered the issue of these Shares to Mr Giles Craig and formed the view that the giving of this financial benefit is reasonable remuneration, given that the Shares are being issued in lieu of Director's fees. Accordingly, the non-conflicted Directors of the Company believe that the issue of

these Shares to Mr Giles Craig fall within the “reasonable remuneration” exception as set out in section 211 of the Corporations Act and relies on this exception for the purposes of this Resolution.

Therefore, the proposed issue of Shares to Mr Giles Craig requires Shareholder approval under NSX Listing Rules 6.25 and 6.44 only.

The following information in relation to the issue of the Shares to Mr Giles Craig is provided to Shareholders for the purposes of Listing Rules 6.25 and 6.44:

- (a) The related party is Mr Giles Craig, a Director of the Company.
- (b) The maximum number of Shares to be issued is 75,000.
- (c) The Shares will be issued within 1 month of Shareholder approval being obtained by the Company.
- (d) Each Share will have a deemed issue price of \$0.20.
- (e) The Shares will be fully paid on issue and rank equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.
- (f) Funds will not be raised from the issue of these Shares as the issue is proposed to be made in lieu of Director’s fees payable to Mr Giles Craig.

This Resolution is a Special Resolution. For a Special Resolution to be passed, at least 75% of the votes validly cast on the resolution by Shareholders (by number of ordinary shares) must be in favour of this Resolution.

Directors’ recommendation

The Directors (excluding Mr Giles Craig) recommend that Shareholders vote for this Resolution.

Resolution 5 – Approval of Issue of Shares to Kerry Daly, Director of the Company

Background

This Resolution seeks Shareholder approval to issue and allot 75,000 Shares at an issue price of \$0.20, in lieu of Director’s fees in the sum of \$15,000 to Mr Kerry Daly, Director of the Company for the period to 30 June 2022.

The issue of Shares is a reasonable and efficient method to provide cost effective remuneration to Directors compared to cash forms of remuneration as it allows the Company to retain a greater portion of its cash reserves for operational and working capital purposes.

NSX Listing Rule 6.25

NSX Listing Rule 6.25 allows an entity to issue (or agree to issue) equity securities up to 15% of the Company’s ordinary securities on issue in any 12 month period without the approval of the Shareholders of the Company. If the Company wishes to issue equity securities above its 15% capacity, the Company must obtain shareholder approval at a general meeting prior to the issue, unless an exception applies. Therefore, the effect of this Resolution is to obtain shareholder approval for the issue of these Shares, which will allow the Company to issue the Shares without using the Company’s 15% capacity under Listing Rule 6.25.

Related Party Approvals

NSX Listing Rule 6.44 provides that a Company shall obtain shareholder approval for any issue of equity securities to a related party unless an exception applies. Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the exceptions to the provisions; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed issue of Shares (which is a type of equity security, for the purposes of the NSX Listing Rules) constitutes the giving of a financial benefit. A “related party” for the purposes of the Corporations Act and the Listing Rules is widely defined and includes a director of a public company, a spouse of a director of a public company or an entity controlled by a director of a public company. The definition of “related party” also includes a person whom there is reasonable grounds to believe will become a “related party” of a public company.

The non-conflicted Directors of the Company (being Mitchell Dawney and Giles Craig) carefully considered the issue of these Shares to Mr Kerry Daly and formed the view that the giving of this financial benefit is reasonable remuneration, given that the Shares are being issued in lieu of Director’s fees. Accordingly, the non-conflicted Directors of the Company believe that the issue of these Shares to Mr Kerry Daly fall within the “reasonable remuneration” exception as set out in section 211 of the Corporations Act and relies on this exception for the purposes of this Resolution.

Therefore, the proposed issue of Shares to Mr Kerry Daly requires Shareholder approval under NSX Listing Rules 6.25 and 6.44 only.

The following information in relation to the issue of the Shares to Mr Kerry Daly is provided to Shareholders for the purposes of Listing Rules 6.25 and 6.44:

- (a) The related party is Mr Kerry Daly, a Director of the Company.
- (b) The maximum number of Shares to be issued is 75,000.
- (c) The Shares will be issued within 1 month of Shareholder approval being obtained by the Company.
- (d) Each Share will have a deemed issue price of \$0.20.
- (e) The Shares will be fully paid on issue and rank equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.
- (f) Funds will not be raised from the issue of these Shares as the issue is proposed to be made in lieu of Director’s fees payable to Mr Kerry Daly.

This Resolution is a Special Resolution. For a Special Resolution to be passed, at least 75% of the votes validly cast on the resolution by Shareholders (by number of ordinary shares) must be in favour of this Resolution.

Directors’ recommendation

The Directors (excluding Mr Kerry Daly) recommend that Shareholders vote for this Resolution.

Resolution 6 – Unmarketable Parcels

Under Clause 14 of the Constitution the Company is able to deal with holders of unmarketable parcels of shares by giving notice in writing as to whether they wish to retain their shares .

Resolution 6 seeks to clarify that if a holder of unmarketable parcels of shares fails to give notice to

retain them, that the powers of the Company to dispose of them, include a power to sell the same by way of a buy-back.

The Company is still required to comply with both the provisions in the Constitution and the Corporations Act, should it wish to sell the shares in question by way of a buy-back.

Directors' recommendation

The Board unanimously recommends that shareholders vote in favour of the special resolution in relation to Resolution 6. The Chairman of the Meeting intends to vote all available proxies in favour of the special resolution.

Resolution 7 – Renewal of Proportional Takeover Provisions in Constitution

Under the Constitution and section 648G of the Corporations Act, the proportional takeover provisions in Clause 13 (**Proportional Takeover Approval**) of the Constitution automatically lapse after three years.

The proportional takeover provisions were first adopted by the Company on 30 November 2013. A proportional takeover offer is a takeover offer where the offer made to each shareholder is only for a proportion of that shareholder's shares, and not for the shareholder's entire shareholding. Clause 13 was designed to assist shareholders to receive proper value for their shares if a proportional takeover bid is made for the Company. Accordingly, the Directors consider that it is in the best interests of shareholders to renew the proportional takeover provisions in the Constitution. If shareholders approve the renewal of the proportional takeover provisions on the same terms as previously contained in Clause 13 of the Constitution, by passing the special resolution in relation to Resolution 7 in accordance with Part 6.5 of the Corporations Act, the proportional takeover provisions will operate for a period of three years from the date of the Meeting (that is, until 15 November 2024, if the resolution is passed at the Meeting and the Meeting is not postponed or adjourned).

The proposed proportional takeover provisions are set out below and are the same as those approved by shareholders at the 2013 Annual General Meeting.

"13. Proportional takeover bids

13.1 Definitions

In this clause:

"approving resolution" has the meaning given to that term in section 648D(1) of the Act;

"approving resolution deadline" has the meaning given to that term in section 648D(2) of the Act;

"associate" has the meaning given to that term in section 9 of the Act;

"proportional takeover bid" has the meaning given to that term in section 9 of the Act.

13.2 Prohibition on registration of transfer

Where an offer has been made under a proportional takeover bid in respect of shares included in a class of shares in the company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under the bid is prohibited unless and until an approving resolution to approve the bid is

passed in accordance with the provisions of this constitution.

13.3 Approving resolution

An approving resolution must be voted on at a meeting, convened and conducted by the company, of the persons entitled to vote on the resolution under section 648D(1)(b) of the Act.

13.4 Entitlement to vote

(a) A person, other than the bidder or an associate of the bidder, who, as at the end of the day on which the first offer under the proportional takeover bid was made, holds shares included in that class is entitled to vote on an approving resolution and, for the purposes of so voting, is entitled to one vote for each of those shares.

(b) The bidder or an associate of the bidder is not entitled to vote on an approving resolution.

13.5 Application of general meeting provisions

The provisions of this constitution that apply to a general meeting of the company apply, with such modifications as the circumstances require, to a meeting convened under this clause, as if that meeting was a general meeting of the company.

13.6 Deadline for meeting

Where offers have been made under a proportional takeover bid, the directors must ensure that a resolution to approve the proportional takeover bid is voted on in accordance with this clause before the approving resolution deadline in relation to the proportional takeover bid.

13.7 Notice of result

Where an approving resolution to approve a proportional takeover bid is voted on in accordance with this clause before the approving resolution deadline in relation to the proportional takeover bid, the company must, on or before the approving resolution deadline, give to the bidder; and serve on the Exchange, a notice in writing stating that an approving resolution to approve the proportional takeover bid has been voted on and that the approving resolution has been passed, or has been rejected, as the case may be.

13.8 Deemed passing of approving resolution

Where, as at the end of the day before the approving resolution deadline in relation to a proportional takeover bid under which offers have been made, no resolution to approve the proportional takeover bid has been voted on in accordance with this clause, an approving resolution to approve the proportional takeover bid is, for the purposes of this clause, deemed to have been passed in accordance with the clause.

13.11 Operation of clause

This clause ceases to have effect on the third anniversary of the date of its adoption or of its most recent renewal.

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Legislative Requirements

The Corporations Act requires that the following information be provided to shareholders when they are considering the inclusion or renewal of a proportional takeover provision in the Constitution. The following information comprises the statement required under section 648G(5) of the Corporations Act.

Effect of the provision

If a takeover offer is made under a proportional takeover bid for a class of the Company's securities, the Directors must ensure that a resolution to approve the takeover bid (**Approval Resolution**) is voted on by the shareholders of the class of shares being bid, not less than 14 days before the last day of the bid period (**Deadline**). The only persons entitled to vote on the Approval Resolution are those persons who, as at the end of the day on which the first offer under the takeover bid was made, held shares included in the bid class in respect of which the offer was made.

The bidder under the takeover bid and its associates are not entitled to vote on the Approval Resolution. Each person entitled to vote has one vote for each share in the relevant class held by the person at that time. The vote on the Approval Resolution is decided on a simple majority. The Approval Resolution will be taken to have been passed if more than 50% of votes are cast in favour of the Approval Resolution, otherwise it is taken to have been rejected.

The Directors will breach the Corporations Act if they fail to ensure the Approval Resolution is voted on. However, if the Approval Resolution is not voted on as at the end of the day before the Deadline, the Approval Resolution is taken to have been passed. If the Approval Resolution is passed (or taken to have been passed) by shareholders, the transfers resulting from the bid must be registered if they comply with other provisions of the Corporations Act and the Constitution.

If the Approval Resolution is rejected, binding acceptances must be rescinded as soon as practicable after the Deadline, and all unaccepted offers and offers failing to result in binding contracts are taken to have been withdrawn at the end of the Deadline. The proportional takeover provisions do not apply to full takeover bids.

The renewed Clause 13.11 will expire three years after its reinsertion into the Constitution, unless renewed by a further special resolution of shareholders.

Reasons for proposing this special resolution

A proportional takeover bid involves an offer for only a proportion of each shareholder's securities. This may allow control of the Company to pass without shareholders having the chance to sell all their securities to the bidder and assist a bidder to take control of the company without payment of an adequate control premium.

Shareholders, other than the bidder and its associates, may be exposed to the risk of being left as holding a minority interest in the Company as well as the loss of potential to receive an adequate control premium for their remaining shares. The proportional takeover provisions lessen these risks because they allow shareholders to decide whether a proportional takeover bid is acceptable in principle, is appropriately priced and should be permitted to proceed.

Knowledge of acquisition proposals

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

Potential advantages and disadvantages

While the proportional takeover provisions have previously been in force under the Constitution, there have been no full or proportional takeover bids for the Company at any time since it listed. Therefore, there is no example against which to review the advantages or disadvantages of the provisions for the Directors and the shareholders respectively. The Directors consider that the proposed renewal of the proportional takeover provisions has no potential advantages or potential disadvantages for Directors because they remain free to make a recommendation on whether a proportional takeover bid should be approved.

The potential advantages of the proposed renewal of the proportional takeover provisions for shareholders are:

- shareholders have the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- the provisions may assist shareholders to avoid being locked in as a minority; • the bargaining power of shareholders is increased, and may assist in ensuring that any proportional takeover bid is adequately priced; and
- knowing the view of the majority of shareholders may help each individual shareholder assess the likely outcome of the proportional takeover bid and to decide whether to approval or reject that offer.

The potential disadvantages of the proposed renewal of the proportional takeover provisions for shareholders are:

- it may discourage offers of proportional takeover bids for shares in the Company and may depress the share price;
- shareholders may lose an opportunity of selling some of their shares at a premium; and
- the likelihood of a proportional takeover bid being successful may be reduced.

The Directors consider that the potential advantages of the proportional takeover provisions for shareholders outweigh the potential disadvantages. In particular, shareholders as a whole are able to decide whether or not a proportional takeover bid should be permitted to proceed. Shareholders may act If the special resolution to renew the proportional takeover provisions in Clause 13.11 of the Constitution is passed, shareholders who together hold not less than 10% (by number) of the issued securities in a class of securities in the Company to which the provisions apply may, within 21 days after the day on which the special resolution is passed, apply to the Court to have the purported renewal set aside to the extent to which it relates to that class of shareholders.

On an application, the Court may make an order setting aside the purported renewal of the proportional takeover provisions if it is satisfied that it is appropriate in all the circumstances to do so. Otherwise the Court must dismiss the application. Unless and until an application is finally determined by the making of an order setting aside the purposed renewal of the proportional takeover provisions, the Company is taken for all purposes to have validly renewed the proportional takeover provisions applying to that class of shareholders.

Directors' Recommendation

The Board unanimously recommends that shareholders vote in favour of the special resolution in relation to Resolution 7. The Chairman of the Meeting intends to vote all available proxies in favour of the special resolution.

Enquiries

Shareholders are asked to contact the Company Secretary on mdd@dawney.com.au they have any queries in respect of the matters set out in these documents.

Glossary

AEST means Australian Eastern Standard Time.

Annual Financial Report means the 2021 Annual Report to Shareholders for the period ended 30 June 2021 as lodged by the Company with NSX on 7 September 2021.

Annual General Meeting or **AGM** or **Meeting** means an Annual General Meeting of the Company and, unless otherwise indicated, means the meeting of the Company's members convened by this Notice of Meeting.

ASIC means Australian Securities and Investment Commission.

Associate has the meaning given to it by the NSX Listing Rules.

Auditor's Report means the auditor's report of PKF Chartered Accountants as included in the Annual Financial Report.

Board means the current board of Directors of the Company.

Business Day means a day on which trading takes place on the stock market of NSX.

Chair means the person chairing the Meeting.

Closely Related Party of a member of the KMP means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporation Regulations 2001* (Cth).

Company means Dawney & Co Ltd ACN 138 270 201.

Constitution means the Company's constitution.

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

Director means a current director of the Company.

Directors' Report means the report of Directors as included in the Annual Financial Report.

Dollar or "\$" means Australian dollars.

Explanatory Statement means the explanatory statement accompanying this Notice of Meeting.

KMP means key management personnel (including the Directors) whose remuneration details are included in the Remuneration Report.

Notice of Meeting or **Notice of Annual General Meeting** means this notice of annual general meeting dated 15 October 2021 including the Explanatory Statement.

NSX means the National Stock Exchange of Australia Limited ACN 330 894 691.

NSX Listing Rules or **Listing Rules** means the official NSX Listing Rules of the NSX and any other rules of the NSX which are applicable while the Company is admitted to the official list of the NSX, as amended or replaced from time to time, except to the extent of any express written waiver by the NSX.

Option means an option which, subject to its terms, could be exercised into a Share.

Ordinary Resolution means a resolution that can only be passed if at least 50% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

Performance Right means a performance right which, subject to its terms, could convert to a Share.

Proxy Form means the proxy form attached to this Notice of Meeting.

Remuneration Report means the remuneration report as set out in the Annual Financial Report.

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

Restricted Voter means a member of the Company's KMP and any Closely Related Parties of those members.

Securities mean Shares and/or Options (as the context requires).

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

Shareholder means a holder of a Share.

Share Registry means Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000.

Special Resolution means a resolution that can only be passed if at least 75% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

Spill Meeting means the meeting that will be convened within 90 days of the 2022 AGM if a threshold of votes is cast against the adoption of the Remuneration Report at the Meeting and the 2022 AGM.

Spill Resolution means the resolution required to be put to Shareholders at the 2022 AGM if a threshold of votes is cast against the adoption of the Remuneration Report at the Meeting and the 2022 AGM.