

**VHM Limited**

**ACN 601 004 102**

## **Notice of General Meeting**

**A General Meeting of the Company will be held as follows:**

**Time and date:** 11am AEST, Tuesday 31 May 2022

**Location:** Virtual Online Meeting

If you wish to virtually attend the EGM (which will be broadcast as a live webinar), please **pre-register** in advance for the virtual meeting here:

[https://us02web.zoom.us/webinar/register/WN\\_RZIkaxV1Sy2bBbLJeEBLdA](https://us02web.zoom.us/webinar/register/WN_RZIkaxV1Sy2bBbLJeEBLdA)

After registering, you will receive a confirmation containing information on how to attend the virtual meeting on the day of the EGM.

**This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from a suitably qualified professional adviser prior to voting.**

**If you have any questions in relation to this Notice of General Meeting, please do not hesitate to contact the Company Secretary, Ian Hobson, on [ian.hobson@vhmltd.com.au](mailto:ian.hobson@vhmltd.com.au) or + 08 9388 8290**

## IMPORTANT INFORMATION REGARDING MEETING ATTENDANCE AND VOTING

Pursuant to section 249R of the Corporations Act and clause 15.7 of the Company's Constitution, the Company will hold the Meeting as a virtual meeting via a web-based meeting portal.

The Company considers that the health, safety and welfare of the Company's staff, its Shareholders and other stakeholders is of paramount importance given the dynamic nature of the COVID-19 pandemic, current restrictions on travel and gatherings, and the ability of both the Federal and State Governments to impose further restrictions.

All resolutions at the Meeting will be voted on by poll and Shareholders who are entitled to vote may vote either at the Meeting by poll during the Meeting electronically or prior to the Meeting by appointing a proxy.

Further details of the voting methods open to Shareholders are set out in detail below.

**Shareholders are strongly encouraged to either vote prior to the Meeting or to appoint the Chair as their proxy.**

The Board will continue to monitor the Covid-19 situation closely and details of any alternative arrangements for the Meeting will be issued to Shareholders electronically by no later than 10 days prior to the date of the Meeting or at shorter notice, depending on the circumstances.

The Company is aware that, at present, there are significant delays in the Australian postal system due to COVID-19, which may adversely affect both the receipt and return of voting forms by Shareholders. In accordance with section 110D of the Corporations Act, the Company will not be dispatching physical copies of the Notice of General Meeting and Explanatory Statement to all Shareholders. Instead, these documents will be emailed to all Shareholders who have provided an email address to the Company's share registrar and are otherwise available on the Company's website. Only Shareholders who have made an election to receive physical copies of meeting materials in accordance with section 110E of the Corporations Act will be provided with a physical copy.

If you wish to virtually attend the EGM (which will be broadcast as a live webinar), please **pre-register** in advance for the virtual meeting here:

[https://us02web.zoom.us/webinar/register/WN\\_RZIkaxV1Sy2bBbLJeEBLdA](https://us02web.zoom.us/webinar/register/WN_RZIkaxV1Sy2bBbLJeEBLdA)

After registering, you will receive a confirmation containing information on how to attend the virtual meeting on the day of the EGM.

Shareholders will be able to vote (see the "Voting virtually at the Meeting" section of this Notice of Meeting below) and ask questions at the virtual meeting. Shareholders are also encouraged to submit questions in advance of the Meeting to the Company. Questions must be submitted in writing to the Company Secretary at [ian.hobson@vhmltd.com.au](mailto:ian.hobson@vhmltd.com.au) at least 48 hours before the EGM.

The Company will also provide Shareholders with the opportunity to ask questions during the Meeting in respect to the formal items of business as well as general questions in respect to the Company and its business.

### **Voting virtually at the Meeting**

Shareholders who wish to vote virtually on the day of the EGM will need to login to the online meeting platform powered by Automic. Shareholders who do not have an account with Automic are strongly encouraged to register for an account **as soon as possible and well in advance of the Meeting** to avoid any delays on the day of the Meeting. An account can be created via the following link [investor.automic.com.au](https://investor.automic.com.au) and then clicking on “register” and following the prompts.

Shareholders will require their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) to create an account with Automic.

To access the virtual meeting on the day:

1. Open your internet browser and go to [investor.automic.com.au](https://investor.automic.com.au)
2. Login with your username and password or click “register” if you haven’t already created an account. **Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the virtual meeting**
3. After logging in, a banner will display at the bottom of your screen to indicate that the meeting is open for registration, click on “Register” when this appears. Alternatively, click on “Meetings” on the left-hand menu bar to access registration.
4. Click on “Register” and follow the steps
5. Once the Chair of the Meeting has declared the poll open for voting click on "Refresh" to be taken to the voting screen
6. Select your voting direction and click "confirm" to submit your vote. Note that you cannot amend your vote after it has been submitted

For further information on the live voting process please see the **Registration and Voting Guide** at <https://www.automicgroup.com.au/virtual-agms/>

**VHM Limited**  
**ACN 601 004 102**

## **Notice of General Meeting**

Notice is hereby given that a general meeting of Shareholders of VHM Limited (ACN 601 004 102) (**VHM**) will be held as a virtual online meeting commencing at 11am AEST on Tuesday, 31 May 2022 (**Meeting**).

Please **pre-register** in advance for the virtual meeting here:

[https://us02web.zoom.us/webinar/register/WN\\_RZlkaxV1Sy2bBbLJeEBLdA](https://us02web.zoom.us/webinar/register/WN_RZlkaxV1Sy2bBbLJeEBLdA)

After registering, you will receive a confirmation containing information on how to attend the virtual meeting on the day of the EGM.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders at 7pm AEST on 29 May 2022.

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

Terms and abbreviations used in the Notice are defined in Schedule 1.

### **Agenda**

#### **Resolution 1 – Approval to issue options to Mr Don Runge as special exertion fees**

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

*'That, for the purposes of section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of 500,000 options (with an exercise price of \$1.00 each) to Mr Don Runge as a special exertion fee, on the terms and conditions set out in the Explanatory Memorandum.'*

#### **Resolution 2– Approval to issue options to Mr Gamini Colless as special exertion fees**

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

*'That, for the purposes of section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of 500,000 options (with an exercise price of \$1.00 each) to Mr Gamini Colless as a special exertion fee, on the terms and conditions set out in the Explanatory Memorandum.'*

#### **Resolution 3 – Approval of a sign-on fee to Mr Gamini Colless**

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

*'That, for the purposes of section 208 of the Corporations Act and for all other purposes, Shareholders approve the payment of a \$70,000 sign-on fee to Mr Gamini Colless, to be paid by the issue of 116,667 fully paid ordinary shares at an issue price of \$0.60 each, on the terms and conditions set out in the Explanatory Memorandum.'*

## **Resolution 4 – Approval of a sign-on fee to Ms Ayten Saridas**

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

*'That, for the purposes of section 208 of the Corporations Act and for all other purposes, Shareholders approve the payment of a \$70,000 sign-on fee to Ms Ayten Saridas, to be paid in cash, on the terms and conditions set out in the Explanatory Memorandum.'*

## **Resolution 5 – Approval to issue shares to Mr Gamini Colless in lieu of annual director remuneration**

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

*'That, for the purposes of section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of 66,164 fully paid ordinary shares (with an issue price of \$0.60 each) to Mr Gamini Colless in lieu of payment of \$39,698.40, being a portion of his annual remuneration as a non-executive director, on the terms and conditions set out in the Explanatory Memorandum.'*

## **Voting prohibitions for each Resolution**

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 any Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; 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; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Further, in accordance with section 224 of the Corporations Act, a vote on each Resolution must not be cast (in any capacity) by or on behalf of a related party of VHM to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

However, the above prohibition does not apply if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of a related party of VHM to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

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

**BY ORDER OF THE BOARD**



Ian Hobson  
Company Secretary  
VHM Limited  
Dated: 29 April 2022

**VHM Limited**  
**ACN 601 004 102**

## **Explanatory Memorandum**

### **1. Introduction**

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held as a virtual online meeting at 11 am AEST on Tuesday, 31 May 2022.

This Explanatory Memorandum forms part of the Notice which should be read in its entirety before deciding how to vote on the Resolutions. This Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

A Proxy Form is located at the end of this Explanatory Memorandum.

### **2. Resolution 1 and Resolution 2 - Approval to issue options to Messrs Don Runge and Gamini Colless as special exertion fees**

#### **2.1 Introduction**

VHM is proposing, subject to obtaining Shareholder and Noteholder approvals, to issue 500,000 options (with an exercise price of \$1.00 each) to each of Messrs Don Runge and Gamini Colless (being non-executive directors of VHM) as a special exertion fee (**Special Exertion Options**).

Resolution 1 and Resolution 2 seek Shareholder approval for the issue of the Special Exertion Options to Messrs Runge and Colless for the purposes of Chapter 2E (specifically section 208) of the Corporations Act.

As noted in section 2.5 below, VHM also needs to obtain the requisite approvals from the Noteholders for the issue of the Special Exertion Options. VHM cannot issue the Special Exertion Options until it obtains both Shareholder and Noteholder approvals.

#### **2.2 Purpose of Special Exertion Options**

In July 2021, the Board adopted a materially changed pathway for the development of VHM and in particular, the fast-tracked development of the Goschen Zircon and Rare Earth Minerals Project (**Goschen Project**) to achieve earliest possible production and cash flow. As a result, VHM's staffing hierarchy was immediately minimised to a skeleton senior executive group and offices across Australia were closed.

An outsourcing policy for all work required to deliver a Definitive Feasibility Study for the Goschen Project (**Project DFS**) and Approvals & Permitting was adopted ensuring Tier 1 best of class consultants were retained to deliver the required outcomes for the specific disciplines. In addition, a new pathway to ensuring a successful IPO and ASX listing was forged which included pre-IPO fund raising as part of that plan.

At that time, the Board constituted two long term existing executive directors, two newly appointed non-executive directors (including Gamini Colless) and one long term non-executive director (Don Runge) who assumed the role of Chair.

The Board considered that with VHM's newly minimised personnel structure, not only the small remaining executive and staff, but also the non-executive directors would be required to undertake significant additional duties and workload to ensure the fast-tracked pathway was maintained and that the corporate objectives as announced to Shareholders could be achieved. Core amongst these objectives were delivery of the Project DFS in record time to better support an IPO and ASX listing in mid-2022.

In support of this path, Mr Runge assumed a full time unpaid "executive support role" to assist driving the work required for the Project DFS to timely completion, and Mr Colless assumed unpaid legal and commercial roles to expedite the pathway to IPO and the pre-IPO raising of capital to support the program of works. As a result, Messrs Runge and Colless have, at the Board's request, undertaken additional work for VHM, above and beyond the usual duties of a non-executive director.

In light of this, the Board recognised it was appropriate to compensate the non-executive Directors for the substantial additional activities which were envisaged to ensue for a minimum of 18 months, taking into account that approvals and permitting would take at least until early 2023.

Pursuant to VHM's Constitution, if a Director, at the Board's request, performs extra services or makes special exertions, VHM may pay that Director a fixed sum set by the Board for doing so, which may be in addition to the usual remuneration of the director.

As allowed under VHM's Constitution, the Board wishes to issue the Special Exertion Options to Messrs Runge and Colless as consideration for their provision of extra services to VHM. The Board believes it is important to offer these Special Exertion Options to reward and remunerate Messrs Runge and Colless for undertaking activities for VHM which are above and beyond the usual duties of a non-executive director.

The Board believes that providing the special exertion fee in the form of options is in the best interest of Shareholders, as the issue of options:

- is a prudent means of conserving VHM's available cash reserves;
- aligns the reward to the non-executive Directors with Shareholder interests, particularly in light of the fact that the Special Exertion Options (and any Shares issued upon exercise) will be subject to ASX escrow conditions for a period of two years; and
- is consistent with expert advice received on the Special Exertion Option, which stated that the issue of these Special Exertion Options was reasonable.

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

In accordance with Chapter 2E (specifically section 208) of the Corporations Act, in order to give a financial benefit to a related party of VHM, VHM must:

- obtain Shareholder approval in the manner set out in sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months following such approval,



unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Special Exertion Options constitutes giving a financial benefit to Messrs Runge and Colless, who are related parties of VHM by virtue of being Directors.

It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval pursuant to Chapter 2E of the Corporations Act is sought for the issue of the Special Exertion Options.

## 2.4 Information requirements for Chapter 2E approval

Pursuant to and in accordance with section 219 of the Corporations Act, the information set out below is provided in relation to the proposed issue of the Special Exertion Options.

### (a) Identity of the related parties

The Special Exertion Options are proposed to be issued to Messrs Runge and Colless, being non-executive Directors.

### (b) Nature of financial benefit

The financial benefit is the Special Exertion Options proposed to be issued to each of Messrs Runge and Colless.

The Board considered a Special Exertion Fee by way of the issue of options would be in the best interest of Shareholders as VHM's cash reserves would not be impacted and the option vesting conditions require an uplift in Shareholder value.

The Special Exertion Options will be issued on the following material terms:

- (i) Each Special Exertion Option entitles the holder to subscribe for and be allotted one Share which will rank equally in all respects with VHM's existing Shares.
- (ii) The Special Exertion Options may be exercisable, once they have vested as per paragraph (iv) below, at any time prior to 5:00pm (AEST) on 31 July 2025 (Expiry Date). Options not exercised on or before the Expiry Date will automatically lapse.
- (iii) The exercise price of each Special Exertion Option is \$1.00. The exercise price was determined by the Board at the time of formulating the compensation for the special exertion fees, and reflects a 67% premium to \$0.60 share price at which VHM had undertaken its most recent capital raising.
- (iv) The Special Exertion Options are subject to vesting conditions and will vest on the earlier of:
  - the date on which the Board makes a positive Financial Investment Decision to proceed with the development of the Goschen Project; or
  - the date of a change in control of VHM; or

- 31 December 2023.
- (v) The Special Exertion Options are not transferable and will not be quoted on the ASX, noting that the Special Exertion Options (and any Shares issued upon exercise) will be subject to ASX escrow conditions for a period of two years after listing.
- (vi) There will be no participating entitlement inherent in the Special Exertion Options to participate in new issues of capital which may be offered to Shareholders.
- (vii) There are no rights to a change in exercise price, or in the number of Shares over which the Special Exertion Options can be exercised, in the event of a bonus issue by VHM prior to the exercise of any Special Exertion Options.
- (viii) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of VHM prior to the Expiry Date, all rights of a Special Exertion Option holder are to be changed in a manner consistent with the ASX Listing Rules.

The Special Exertion Options will be issued for nil cash consideration as they will be issued as a special exertion fee for Messrs Runge and Colless. The Special Exertion Options will be issued as soon as practicable following Shareholder and Noteholder approvals.

(c) **Valuation of the financial benefit**

Using a Binomial valuation model, VHM's valuation of the Special Exertion Options is set out below:

Related Party	No. of Special Exertion Options	Value per Special Exertion Option	Total value of Special Exertion Options
Don Runge	500,000	\$0.2251	\$112,541
Gamini Colless	500,000	\$0.2251	\$112,541

(d) **Remuneration of Related Parties**

The current total annual remuneration package for each of Messrs Runge and Colless is set out below:

Director	Annual Remuneration (inclusive of superannuation)
Don Runge (Chair)	\$130,000
Gamini Colless	\$90,000 plus the Sign-on Fee

(e) **Relevant interests**

As at the date of this Notice:

- VHM has a share capital of 138,958,442 Shares; and
- Messrs Runge and Colless hold the following relevant interest in securities in VHM:

<b>Related Party</b>	<b>Shares</b>	<b>% VHM shareholding</b>	<b>Options</b>
Don Runge	4,498,287	3.24%	Nil
Gamini Colless	736,000	0.53%	Nil

Assuming that:

- each of the Resolutions in this Notice are approved by Shareholders and Noteholders;
- all of the Special Exertion Options are issued, vested and exercised into Shares;
- all of the Sign-on Shares and Remuneration Shares are issued; and
- no other equity securities are issued or exercised (meaning VHM would have a share capital of 140,141,273 Shares),

the respective interests of Messrs Runge and Colless in securities in VHM would be as follows:

<b>Related Party</b>	<b>Shares</b>	<b>% VHM shareholding</b>
Don Runge	4,998,287	3.6%
Gamini Colless	1,418,831	1.01%

(f) **Dilution**

The issue of the Special Exertion Options will have a diluting effect on the percentage interest of existing Shareholders' holdings if the Special Exertion Options vest and are exercised. The potential dilution effect is summarised below:

<b>Special Exertion Options</b>	<b>Dilutionary effect</b>
500,000 (if only Resolution 1 or Resolution 2 is passed)	0.359%
1,000,000 (if both Resolution 1 and Resolution 2 are passed)	0.71%

The above table assumes the current Share capital structure as at the date of this Notice (being 183,958,442 Shares) and that no Shares are issued other than the Shares issued on exercise of the Special Exertion Options. The actual dilution will depend on the extent that additional Shares are issued by VHM.

(g) **Use of funds raised**

Any funds raised by VHM from the exercise of the Special Exertion Options will be put towards VHM's general working capital requirements at the appropriate time.

(h) **Taxation consequences**

There are no adverse taxation consequences for VHM arising from the issue of the Special Exertion Options (including fringe benefits tax).

(i) **Other material information**

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of VHM to pass Resolution 1 and Resolution 2.

## 2.5 **Noteholder approvals**

As at the date of this Notice, VHM has on issue convertible notes pursuant to the 3 separate Convertible Note Deed Polls.

Pursuant to the Convertible Note Deed Polls, VHM must not conduct a related party transaction which requires Shareholder approval under the Corporations Act without also obtaining 'Majority Noteholder Approval', being the approval of Noteholders holding at least 50.1% of Convertible Notes issued under the relevant Convertible Note Deed Poll.

VHM intends to seek Majority Noteholder Approval, on or around the date of the Meeting, for the issue of the Special Exertion Options under the Convertible Note Deed Polls.

VHM cannot issue the Special Exertion Fees until it has obtained both Shareholder and Noteholder approvals.

## 2.6 **Board recommendation**

The Board (other than Messrs Runge and Colless who have a personal interest in the outcome of Resolution 1 and Resolution 2) unanimously recommends that Shareholders vote in favour of Resolution 1 and Resolution 2 for the reasons set out in Section 2.2 above and for the following reasons:

- (a) the Special Exertion Options are a reasonable benefit to recognise the additional work performed by Messrs Runge and Colless in connection with the Project DFS, the associated proposed accelerated development plan, the Demerger and the IPO;
- (b) the Special Exertion Options will further align the interests of Messrs Runge and Colless with those of Shareholders to increase shareholder value;
- (c) the Special Exertion Options are a reasonable and appropriate method to provide cost effective additional remuneration, as the non-cash form will allow VHM to spend a greater proportion of its cash reserves on its operations (and to prepare for the

Demerger and IPO) than it would if a cash special exertion fee was given to Messrs Runge and Colless; and

- (d) it is not considered that there are any significant opportunity costs to VHM or benefits foregone by VHM in issuing the Special Exertion Options upon the terms proposed.

### **3. Resolution 3 - Approval of a sign-on fee to Mr Gamini Colless**

#### **3.1 Introduction**

VHM is seeking Shareholder and Noteholder approval for the payment by VHM of a \$70,000 sign-on fee to Mr Gamini Colless (**Sign-on Fee**), to be paid by an issue of 116,667 Shares (with an issue price of \$0.60 each) (**Sign-on Shares**).

The amount and price of these Sign-on-Shares was agreed in principle by the Company and Mr Colless in September 2021. Formal implementation was agreed to be deferred to the IPO and demerger documentation period, given the necessity for a meeting and the Company's preference to not inconvenience shareholders in devoting time and money to holding a separate meeting.

Resolution 3 seeks Shareholder approval for the payment of the Sign-on Fee by way of the issue of the Sign-on Shares for the purposes of Chapter 2E (specifically section 208) of the Corporations Act.

As noted in section 3.5 below, VHM also needs to obtain the requisite approvals from the Noteholders for the payment of the Sign-on Fee. VHM cannot issue the Sign-on Shares until it obtains both Shareholder and Noteholder approvals.

#### **3.2 Purpose of Sign-on Fee**

As noted in Section 2.2 above, in July 2021, VHM experienced a Board reorganisation. In order to expedite the process of appointment of experienced directors with the requisite technical ability and experience to complement the Board, Mr Colless and Ms Saridas were invited to act as non-executive directors of VHM. Mr Colless and Ms Saridas had sufficient knowledge of VHM to facilitate an early decision and which otherwise would have required a customary and potentially extended due diligence process. In acknowledgement of the benefit to VHM of the expedited appointment process and the circumstances at the time, the Board agreed to a sign-on fee to be satisfied by the award of Shares.

The Board believes that paying the Sign-on Fee in the form of Shares is a prudent means of conserving VHM's available cash reserves.

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

In accordance with Chapter 2E (specifically section 208) of the Corporations Act, in order to give a financial benefit to a related party of VHM, VHM must:

- obtain Shareholder approval in the manner set out in sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The payment of the Sign-on Fee by way of the issue of the Sign-on Shares constitutes giving a financial benefit to Mr Colless, who is a related party of VHM by virtue of being a Director.

It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval pursuant to Chapter 2E of the Corporations Act is sought for the payment of the Sign-on Fee.

### 3.4 Information requirements for Chapter 2E approval

Pursuant to and in accordance with section 219 of the Corporations Act, the information set out below is provided in relation to the proposed payment of the Sign-on Fee by way of the issue of the Sign-on Shares.

(a) **Identity of the related party**

The Sign-on Shares are proposed to be issued to Mr Colless, being a non-executive Director.

(b) **Nature of financial benefit**

The financial benefit is \$70,000, to be paid by VHM by the issue of 116,667 Shares (with an issue price of \$0.60 each) to Mr Colless. The share price applied is equivalent to that at which VHM issued shares in April 2021, shortly after which Mr Colless was appointed a director of VHM.

The Sign-on Shares will be issued for nil cash consideration as they will be issued in lieu of a cash payment of the Sign-on Fee. The Sign-on Shares will be issued as soon as practicable following Shareholder and Noteholder approvals.

The Sign-on Shares will rank equally in all respects with VHM's existing Shares.

(c) **Valuation of the financial benefit**

VHM's valuation of the Sign-on Shares (as at the date of Mr Colless' commencement as a Director) is based on the share price at which VHM issued shares in April 2021, and is set out below:

Related Party	Sign-on Shares	Value of Sign-on Shares
Gamini Colless	116,667	\$70,000

(d) **Remuneration of related party**

The current total annual remuneration package for Mr Colless is set out in Section 2.4(d) above.

(e) **Relevant interests**

The relevant interest in securities in VHM held by Mr Colless as at the date of this Notice and after the issue of the options and shares contemplated in this Notice is set out in Section 2.4(e) above.

(f) **Dilution**

The issue of the Sign-on Shares will have a diluting effect of 0.08% on the percentage interest of existing Shareholders' holdings. This figure assumes the current Share capital structure as at the date of this Notice (being 138,958,442 Shares) and that no Shares are issued other than the Sign-on Shares. The actual dilution will depend on the extent that additional Shares are issued by VHM.

(g) **Taxation consequences**

There are no adverse taxation consequences for VHM arising from the issue of the Sign-on Shares (including fringe benefits tax).

(h) **Other material information**

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of VHM to pass Resolution 3.

3.5 **Noteholder approvals**

As noted in Section 2.5 above, pursuant to Convertible Note Deed Polls, VHM must not conduct a related party transaction which requires Shareholder approval under the Corporations Act without also obtaining 'Majority Noteholder Approval', being the approval of Noteholders holding at least 50.1% of Convertible Notes issued under the relevant Convertible Note Deed Poll.

VHM intends to seek Majority Noteholder Approval, on or around the date of the Meeting, for the payment of the Sign-on Fee by way of the issue of the Sign-on Shares under the Convertible Note Deed Polls.

VHM cannot issue the Sign-on Shares until it has obtained both Shareholder and Noteholder approvals.

3.6 **Board recommendation**

The Board (other than Mr Colless who has a material interest in the outcome of Resolution 3) unanimously recommends that Shareholders vote in favour of Resolution 3 for the reasons set out in Section 3.2 and for the following reasons:

- (a) the Sign-on Shares will further align the interests of Mr Colless with those of Shareholders to increase shareholder value;
- (b) the Sign-on Shares are a reasonable and appropriate method to provide cost effective additional remuneration, as the non-cash form will allow VHM to spend a greater proportion of its cash reserves on its operations (and to prepare for the Demerger and IPO) than it would if a cash sign-on fee was given to Mr Colless; and
- (c) it is not considered that there are any significant opportunity costs to VHM or benefits foregone by VHM in issuing the Sign-on Shares.

## **4. Resolution 4 - Approval of a sign-on fee to Ms Ayten Saridas**

### **4.1 Introduction**

VHM is seeking Shareholder and Noteholder approval for the payment of a \$70,000 sign-on fee to Mr Ayten Saridas, to be paid in cash (**AS Sign-on Fee**).

Resolution 4 seeks Shareholder approval for the payment of the AS Sign-on Fee for the purposes of Chapter 2E (specifically section 208) of the Corporations Act.

As noted in section 3.5 below, VHM also needs to obtain the requisite approvals from the Noteholders for the AS Sign-on Fee. VHM cannot pay the AS Sign-on Fee until it obtains both Shareholder and Noteholder approvals.

### **4.2 Purpose of AS Sign-on Fee**

Ms Saridas and Mr Colless were both appointed non-executive Directors at the same time on 23 July 2021 on identical terms – in summary, a \$70,000 sign-on fee and a portion of their annual non-executive remuneration (\$90,000, inclusive of superannuation) both to be paid by way of an issue of Shares at an issue price of \$0.60 per Share.

Ms Saridas resigned as a director on 24 February 2022. In view of the resignation, the Board and Ms Saridas agreed that it was no longer appropriate to pay the \$70,000 sign-on fee via an issue of Shares and that the AS Sign-on Fee would be paid in cash subject to Shareholder and Noteholder approvals.

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

In accordance with Chapter 2E (specifically section 208) of the Corporations Act, in order to give a financial benefit to a related party of VHM, VHM must:

- obtain Shareholder approval in the manner set out in sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The AS Sign-on Fee constitutes giving a financial benefit to Ms Saridas, who is a related party of VHM by virtue of being a Director in the preceding six months.

It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval pursuant to Chapter 2E of the Corporations Act is sought for the AS Sign-on Fee.

### **4.4 Information requirements for Chapter 2E approval**

Pursuant to and in accordance with section 219 of the Corporations Act, the information set out below is provided in relation to the proposed payment of the AS Sign-on Fee.



(a) **Identity of the related party**

The AS Sign-on Fee is proposed to be paid to Ms Saridas, being a non-executive Director in the preceding six months.

(b) **Nature and value of financial benefit**

The financial benefit is \$70,000 cash.

(c) **Remuneration of related party**

The remuneration package for Ms Saridas for the period that she held office (23 July 2021 to 24 February 2022) was \$70,000 sign-on fee and annual non-executive remuneration of \$90,000 (inclusive of superannuation).

(d) **Relevant interests**

Ms Saridas has no relevant interest in VHM securities.

(e) **Taxation consequences**

There are no adverse taxation consequences for VHM arising from the payment of the AS Sign-on Fee (including fringe benefits tax).

(f) **Other material information**

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of VHM to pass Resolution 4.

#### 4.5 **Noteholder approvals**

As noted in Section 2.5 above, pursuant to Convertible Note Deed Polls, VHM must not conduct a related party transaction which requires Shareholder approval under the Corporations Act without also obtaining 'Majority Noteholder Approval', being the approval of Noteholders holding at least 50.1% of Convertible Notes issued under the relevant Convertible Note Deed Poll.

VHM intends to seek Majority Noteholder Approval, on or around the date of the Meeting, for the cash payment of the AS Sign-on Fee under the Convertible Note Deed Polls.

VHM cannot pay the AS Sign-on Fee until it has obtained both Shareholder and Noteholder approvals.

#### 4.6 **Board recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 4 for the reasons set out in Section 4.1.

## **5. Resolution 5 - Approval to issue shares to Mr Gamini Colless in lieu of annual director remuneration**

### **5.1 Introduction**

VHM is proposing, subject to obtaining Shareholder and Noteholder approvals, to issue 66,164 Shares (with an issue price of \$0.60 each) to Mr Gamini Colless (**Remuneration Shares**) in lieu of payment of \$39,698.40, being a portion of his annual remuneration as a non-executive director up to 31 December 2021.

Resolution 5 seeks Shareholder approval for the issue of the Remuneration Shares for the purposes of Chapter 2E (specifically section 208) of the Corporations Act.

As noted in section 5.5 below, VHM also needs to obtain the requisite approvals from the Noteholders for the issue of the Remuneration Shares. VHM cannot issue the Remuneration Shares until it obtains both Shareholder and Noteholder approvals.

### **5.2 Purpose of Remuneration Shares**

Mr Colless' annual non-executive remuneration is \$90,000 (inclusive of superannuation). At the time of his appointment, the Board and Mr Colless agreed that, in order to conserve VHM's cash resources at least until VHM's listing, he would receive a portion of his fees (being for the period from his appointment date of 23 July 2021 to 31 December 2021) by way of Shares.

The Board believes that providing a portion of Mr Colless' remuneration in the form of Shares is a prudent means of conserving VHM's available cash reserves.

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

In accordance with Chapter 2E (specifically section 208) of the Corporations Act, in order to give a financial benefit to a related party of VHM, VHM must:

- obtain Shareholder approval in the manner set out in sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Remuneration Shares constitutes giving a financial benefit to Mr Colless, who is a related party of VHM by virtue of being a Director.

It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval pursuant to Chapter 2E of the Corporations Act is sought for the issue of the Remuneration Shares.

### **5.4 Information requirements for Chapter 2E approval**

Pursuant to and in accordance with section 219 of the Corporations Act, the information set out below is provided in relation to the proposed issue of the Remuneration Shares.

- (a) **Identity of the related party**

The Remuneration Shares are proposed to be issued to Mr Colless, being a non-executive Director.

(b) **Nature of financial benefit**

The financial benefit is 66,164 Shares (with an issue price of \$0.60 each) proposed to be issued to Mr Colless. The share price applied is equivalent to that at which the Company issued shares in April 2021, shortly after which Mr Colless was appointed a director of the Company.

The Remuneration Shares will be issued for nil cash consideration as they will be issued in lieu of VHM paying to Mr Colless \$39,698.40, being a portion of his annual remuneration as a non-executive director. The Remuneration Shares will be issued as soon as practicable following Shareholder and Noteholder approvals.

The Remuneration Shares will rank equally in all respects with VHM's existing Shares.

(c) **Valuation of the financial benefit**

VHM's valuation of the Remuneration Shares (as at the date of Mr Colless' commencement as a Director) is based on the share price at which VHM issued shares in April 2021, and is set out below:

<b>Related Party</b>	<b>Remuneration Shares</b>	<b>Value of Remuneration Shares</b>
Gamini Colless	66,164	\$39,698.40

(d) **Remuneration of related party**

The current total annual remuneration package for Mr Colless is set out in Section 2.4(d) above.

(e) **Relevant interests**

The relevant interest in securities in VHM held by Mr Colless as at the date of this Notice and after the issue of the options and shares contemplated in this Notice is set out in Section 2.4(e) above.

(f) **Dilution**

The issue of the Remuneration Shares will have a diluting effect of 0.048% on the percentage interest of existing Shareholders' holdings. This figure assumes the current Share capital structure as at the date of this Notice (being 138,958,442 Shares) and that no Shares are issued other than the Remuneration Shares. The actual dilution will depend on the extent that additional Shares are issued by VHM.

(g) **Taxation consequences**

There are no taxation consequences for VHM arising from the issue of the Remuneration Shares (including fringe benefits tax).

(h) **Other material information**

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of VHM to pass Resolution 5.

5.5 **Noteholder approvals**

As noted in Section 2.5 above, pursuant to the Convertible Note Deed Polls, VHM must not conduct a related party transaction which requires Shareholder approval under the Corporations Act without also obtaining 'Majority Noteholder Approval', being the approval of Noteholders holding at least 50.1% of Convertible Notes issued under the relevant Convertible Note Deed Poll.

VHM intends to seek Majority Noteholder Approval, on or around the date of the Meeting, for the issue of the Remuneration Shares under the Convertible Note Deed Polls.

VHM cannot issue the Remuneration Shares until it has obtained both Shareholder and Noteholder approvals.

5.6 **Board recommendation**

The Board (other than Mr Colless who has a material interest in the outcome of Resolution 5) unanimously recommends that Shareholders vote in favour of Resolution 5 for the reasons set out in Section 5.1 and for the following reasons:

- (a) the Remuneration Shares will further align the interests of Mr Colless with those of Shareholders to increase shareholder value;
- (b) the Remuneration Shares are a reasonable and appropriate method to provide a portion of Mr Colless' remuneration, as the non-cash form will allow VHM to spend a greater proportion of its cash reserves on its operations (and to prepare for the Demerger and IPO) than it would if the cash portion of the remuneration was given to Mr Colless; and
- (c) it is not considered that there are any significant opportunity costs to VHM or benefits foregone by VHM in issuing the Remuneration Shares.

## Schedule 1 Definitions

In the Notice, words importing the singular include the plural and vice versa.

<b>\$ or A\$</b>	means Australian Dollars.
<b>AEST</b>	means Eastern Standard Time as observed in Sydney, New South Wales.
<b>AS Sign-on Fee</b>	has the meaning set out in Section 4.1.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>Board</b>	means the board of Directors of VHM.
<b>Business Day</b>	means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.
<b>Chair</b>	means the person appointed to chair the Meeting convened by the Notice.
<b>Convertible Notes</b>	means convertible notes issued by VHM pursuant to Convertible Note Deed Polls by VHM.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth), as amended.
<b>Closely Related Party</b>	means: <ul style="list-style-type: none"><li>(a) a spouse or child of the member; or</li><li>(b) has the meaning given in section 9 of the Corporations Act.</li></ul>
<b>Demerger</b>	means the demerger of various exploration licences and geological data in relation to gold prospects from VHM to its wholly-owned subsidiary, VP Minerals Limited, by way of an in-specie distribution of shares in VP Minerals Limited.
<b>Director</b>	means a director of VHM.
<b>Explanatory Memorandum</b>	means the explanatory memorandum which forms part of the Notice.
<b>Goschen Project</b>	Goschen Zircon, Titania and Rare Earth Minerals Project.
<b>Key Management Personnel</b>	has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of VHM, or if VHM is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of VHM, or if VHM is part of a consolidated entity, of an entity within the consolidated group.

<b>General Meeting or Meeting</b>	means the meeting convened by the Notice.
<b>Noteholders</b>	means the holders of Convertible Notes.
<b>Notice or Notice of Meeting</b>	means this notice of meeting including the Explanatory Memorandum and the Proxy Form.
<b>Project DFS</b>	means the Definitive Feasibility Study for Goschen Project.
<b>Proxy Form</b>	means the proxy form accompanying the Notice.
<b>Remuneration Shares</b>	has the meaning set out in Section 5.1.
<b>Resolution</b>	means a resolution referred to in the Notice.
<b>Schedule</b>	means a schedule to the Notice.
<b>Section</b>	means a section of the Explanatory Memorandum.
<b>Share</b>	means a fully paid ordinary share in the capital of VHM.
<b>Shareholder</b>	means a shareholder of VHM.
<b>Sign-on Fee</b>	has the meaning set out in Section 3.1.
<b>Sign-on Shares</b>	has the meaning set out in Section 3.1.
<b>Special Exertion Options</b>	has the meaning set out in Section 2.1.
<b>VHM</b>	means VHM Limited ACN 601 004 102.