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**COSOL LIMITED**

**ACN 635 371 363 (COMPANY)**

**NOTICE OF ANNUAL GENERAL MEETING & EXPLANATORY STATEMENT**

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Notice is given that the Annual General Meeting of the Company will be held as follows:

**TIME:** 9:30am (AWST)

**DATE:** Thursday 18 November 2021

**PLACE:** Gumala Meeting Room

Ground floor, 197 St Georges Terrace, Perth CBD

*As this is an important document, please read it carefully and in its entirety. If you do not understand it please consult your professional advisors.*

*If you are unable to attend the Annual General Meeting, please complete the proxy form enclosed and return it in accordance with the instructions set out on that form.*

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## INTRODUCTION

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Notice is given that the Annual General Meeting of Shareholders of the Company will be held in the Gumala Meeting Room Ground floor, 197 St Georges Terrace, Perth CBD on Thursday 18 November 2021 commencing at 9:30am (AWST). 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 are part of this Notice of Meeting.

The terms and abbreviations used in this Notice and Explanatory Statement are defined in the attached Glossary.

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## COVID-19 MEETING PROTOCOLS

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The Company advises Shareholders that the Meeting will be held to comply with the Government's recommendations in relation to gatherings of persons during the current COVID-19 situation. As at the date of this notice, Government directives and recommendations on gatherings and travel restrictions mean that some Shareholders may not be able to attend the Meeting in person. The Company therefore strongly encourages Shareholders who wish to vote on the business of the Meeting to do so by lodging a directed proxy prior to the date of Meeting as per the instructions on the Proxy Form.

Shareholders can submit any questions in advance of the Meeting by emailing them to [info@cosol.global](mailto:info@cosol.global).

The Meeting will consider only the business detailed in the Agenda below, followed by a Company update presentation made to Shareholders.

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## AGENDA

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### FINANCIAL REPORT (NO RESOLUTION REQUIRED)

To receive the Financial Report of the Company for the year ended 30 June 2021 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

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

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### 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 purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report appearing in the Company's Annual Report for the year ended 30 June 2021."*

Note: Under section 250R(3) of the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

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

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

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

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

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### 2 RESOLUTION 2 – RE-ELECTION OF DIRECTOR – GERALD STRAUTINS

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

*"That Gerald Strautins, a Director who retires by rotation in accordance with rule 6.3 of the Constitution and, being eligible and offering himself for re-election as a Director, is so re-elected."*

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### 3 RESOLUTION 3 – ASX LISTING RULE 7.1A (ADDITIONAL 10% CAPACITY) APPROVAL OF FUTURE ISSUE OF SECURITIES

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

*“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”*

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

- (a) a person who is 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 this Resolution by:

- (a) 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
- (b) the Chair 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
- (c) 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.

At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in a proposed issue of Equity Securities under the proposed 10% Placement Facility. No existing Shareholders' votes will therefore be excluded under the voting exclusion in the Notice.

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#### **4 RESOLUTION 4 – INCREASE TO AGGREGATE MAXIMUM AMOUNT OF NON-EXECUTIVE DIRECTORS' FEES**

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

*“That, for the purposes of Article 6.5 of the Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve the increase in the aggregate maximum amount of non-executive directors fees from \$300,000 per annum inclusive of superannuation contributions to \$600,000 per annum (inclusive of superannuation contributions), to be allocated among the non-executive directors as they agree in accordance with the terms and conditions set out in the Explanatory Statement.”*

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

- (a) Mr Ben Buckley, Mr Gerald Strautins, Mr Geoffrey Lewis, Mr Stephen Johnston and/or Mr Grant Pestell (each being a Director); or
- (b) any associate of Mr Ben Buckley, Mr Gerald Strautins, Mr Geoffrey Lewis, Mr Stephen Johnston and/or Mr Grant Pestell.

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

- (a) 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
- (b) the Chair 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
- (c) 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 this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and

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

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company at 5pm (AWST) on Tuesday 16 November 2021.

**By Order of the Board**

**Lisa Wynne**  
Company Secretary  
19 October 2021

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of Shareholders of COSOL Limited (**Company**) in connection with the business to be conducted at the Annual General Meeting of the Company to be held in the Gumala Meeting Room Ground floor, 197 St Georges Terrace, Perth CBD on Thursday, 18 November 2021 commencing at 9:30am (AWST).

This Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting. 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.

A Proxy Form has been dispatched to Shareholders together with a letter advising Shareholders that the Company is not dispatching physical copies of the Notice of Meeting and Explanatory Statement and where those documents are available for viewing and downloading.

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### FINANCIAL REPORT (NO RESOLUTION REQUIRED)

The Corporations Act requires the Financial Report, Directors' Report and the Auditor's Report to be received and considered at the Annual General Meeting. A printed hard copy of the annual Financial Report which includes the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2021, has been sent to all Shareholders who requested it. The Annual Report is also available on the Company's website at <https://cosol.global/results-reports/>.

There is no requirement for Shareholders to approve those reports. However, the Chair will allow a reasonable opportunity at the Meeting for Shareholders to ask questions or make comments about those reports and the management of the Company.

Shareholders will also be given an opportunity to ask the Company's auditor or its representatives questions about the conduct of the audit and the preparation and content of the Auditor's Report.

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## 1 RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

### 1.1 General

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

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

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

### 1.2 Voting consequences

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

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

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

### 1.3 Previous voting results

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

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## 2 RESOLUTION 2 – RE-ELECTION OF DIRECTOR – GERALD STRAUTINS

### 2.1 General

In accordance with rule 6.3(d) of the Constitution, an election of Directors shall take place each year. Under rule 6.3(b) of the Constitution, at every annual general meeting, each Director who has retained office for more than three years since their appointment shall retire from office and is eligible for re-election. Under rule 6.3(e) of the Constitution, if at any annual general meeting no Director is required to retire under the terms of rule 6.3(b) of the Constitution, then the Director who

has been longest in office since their last election shall retire from office. These requirements for a Director to retire do not apply to a Managing Director.

Mr Strautins retires in accordance with rule 6.3 of the Constitution and, being eligible for re-election, offers himself for re-election as a Director at the Annual General Meeting.

Mr Strautins has extensive executive, mergers and acquisitions, consulting, programme and business management experience, with particular strength in formulating, implementing and managing strategic managed service/outsourcing operations and transformation initiatives. Gerald's strategic business consultancy and corporate management experience was gained through extensive work in Australia, Europe and Asia. He was the Executive – Strategy and M&A of ASG Group Limited (formerly ASX listed, ASX: ASZ), an IT business solutions provider, and was responsible for the strategic direction of the organisation, while also completing in excess of \$500 million in mergers and acquisitions transactions. Gerald was appointed as a Director on 4 October 2019.

## **2.2 Directors Recommendation**

The Board (other than Mr Strautins, to whom Resolution 2 relates) supports and recommends that Shareholders vote in favour of the re-election of Mr Strautins.

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## **3 RESOLUTON 3 – ASX LISTING RULE 7.1A (ADDITIONAL 10% CAPACITY) APPROVAL OF FUTURE ISSUE OF SECURITIES**

### **3.1 General**

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

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25% (**10% Placement Facility**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company is an eligible entity for these purposes.

Resolution 3 seeks Shareholder approval by way of a special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue equity securities without Shareholder approval.

If Resolution 3 is passed, the Company will be able to issue equity securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 3 is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1.

### **3.2 Requirements of ASX Listing Rule 7.1A**

#### **3.2.1 Eligible Entities**

As set out above, an eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. As of 21 September 2021, based on a closing share price of \$0.61, the Company has a market capitalisation of approximately \$80.4 million and therefore is an eligible entity. If at the time of the Meeting the Company is no longer an eligible entity this Resolution will be withdrawn.

#### **3.2.2 Shareholder approval**

Shareholders must approve the 10% Placement Facility by special resolution at the Annual General Meeting, which requires the approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative). A resolution under Listing Rule 7.1A cannot be put at any other Shareholder meeting.

#### **3.2.3 Equity securities**

Equity securities issued under the 10% Placement Facility must be in the same class as an existing class of equity securities of the Company that are quoted on the ASX.

As at the date of this Notice, the Company has on issue the following classes of equity securities quoted on the ASX:

- 131,771,695 Shares.

#### **3.2.4 Formula for calculating 10% Placement Facility**

If Resolution 3 is passed the Company may, during the period of the approval, issue or agree to issue a number of equity securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

A = The number of fully paid ordinary securities on issue at the commencement of the relevant period:

- plus the number of fully paid ordinary securities issued in the relevant period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
- plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
  - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
  - the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
  - the agreement was entered into before the commencement of the relevant period; or
  - the agreement or issue was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- plus the number of any other fully paid ordinary securities issued in the relevant period with approval under Listing Rule 7.1 or Listing Rule 7.4;
- plus the number of fully paid ordinary securities that became fully paid in the relevant period;
- less the number of fully paid ordinary securities cancelled in the relevant period.

Note that “A” has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity;

D = 10%;

E = The number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under Listing Rule 7.4; and

“relevant period” means:

- if the entity has been admitted to the official list for 12 months or more, the 12 month period immediately preceding the date of the issue or agreement; or
- if the entity has been admitted to the official list for less than 12 months, the period from the date the entity was admitted to the official list to the date immediately preceding the date of the issue or agreement.

Note that “relevant period” has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

### **3.2.5 Interaction between ASX Listing Rules 7.1 and 7.1A**

The 10% Placement Facility under Listing Rule 7.1A is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

The Company has 131,771,695 Shares on issue as at the date of this Notice. If all of the Resolutions in this Notice are passed (including this Resolution 3), the Company will be permitted to issue (as at the date of this Notice):

- 19,765,754 equity securities under Listing Rule 7.1; and
- 13,177,169 equity securities under Listing Rule 7.1A.

The actual number of equity securities that the Company will be permitted to issue under Listing Rule 7.1A will be calculated at the date of issue or agreement to issue the equity securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out above).

The effect of Resolution 3 will be to allow the Company to issue equity securities under Listing Rule 7.1A without using the Company's placement capacity under Listing Rule 7.1.

### **3.3 Information Required by ASX Listing Rule 7.3A**

The following information is provided to Shareholder for the purposes of Listing Rule 7.3A.

#### **3.3.1 ASX Listing Rule 7.3A.1 – Period for which the approval will be valid**

An approval from Shareholders under Listing Rule 7.1A will be valid and commences on the date of the annual general meeting at which the approval is obtained (being 18 November 2021) and expires on the first to occur of the following:

- (a) the date which is 12 months after the date of the annual general meeting at which the approval is obtained;
- (b) the time and date of the Company's next annual general meeting; and
- (c) the time and date on which Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

### **3.3.2 ASX Listing Rule 7.3A.2 – Minimum price at which the equity securities may be issued under Listing Rule 7.1A**

Any equity securities issued under Listing Rule 7.1A.2 must be in an existing quoted class of the Company's equity securities and issued for cash consideration.

The issue price per equity security must not be less than 75% of the volume weighted average market price of the equity securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (a) the date on which the price at the equity securities are to be issued is agreed by the Company and the recipient of the equity securities; or
- (b) if the equity securities are not issued within 10 trading days of the date in paragraph (a), the date on which the equity securities are issued.

### **3.3.3 ASX Listing Rule 7.3A.3 – Purposes for which the funds raised by an issue of equity securities under Listing Rule 7.1A may be used**

As noted above, any equity securities issued under Listing Rule 7.1A.2 must be issued for cash consideration. Accordingly, every issue of equity securities under Listing Rule 7.1A.2 will have an accompanying proposed use of funds at the time of issue.

As at the date of this Notice, the Company has not formed an intention to offer any equity securities under Listing Rule 7.1A during the Listing Rule 7.1A mandate period, if Shareholders approve Resolution 3. However, if Shareholders approve Resolution 3 and the Company raised funds from the issue of equity securities under Listing Rule 7.1A, based on the Company's existing plans, the Company considers that the funds may be used for the following purposes:

- (a) to further develop the Company's business; and/or
- (b) for general corporate purposes, including working capital requirements.

### **3.3.4 ASX Listing Rule 7.3A.4 – Risk of economic and voting dilution to existing ordinary Securityholders**

If Resolution 3 is approved, and the Company issues equity securities under the 10% Placement Facility, existing Shareholders' voting power in the Company will be diluted as shown in the table below.

There is a risk that:

- (a) the market price for the Company's existing equity securities in that class may be significantly lower on the date of issue of the new equity securities than on the date of the approval under Listing Rule 7.1A; and
- (b) the new equity securities may be issued at a price that is at a discount (as described above) to the market price for the Company's equity securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the new equity securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

For the purpose of Listing Rule 7.3A.2, the table also shows:

- two examples, where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example a pro rata entitlement issue) or future placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples, where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

		Dilution		
		\$0.34 - 50% decrease in Issue Price	\$0.68 - Issue Price	\$1.02 - 50% increase in Issue Price
132,971,695 (Current Variable A in Listing Rule 7.1A.2)	10% Voting Dilution	13,297,170 Shares	13,297,170 Shares	13,297,170 Shares
	Funds Raised	\$4,521,038	\$9,042,075	\$13,563,113
199,457,543 Shares (50% increase in Variable A in Listing Rule 7.1A.2)	10% Voting Dilution	19,945,754 Shares	19,945,754 Shares	19,945,754 Shares
	Funds Raised	\$6,781,556	\$13,563,113	\$20,344,669
265,943,390 Shares (100% increase in Variable A in Listing Rule 7.1A.2)	10% Voting Dilution	26,594,339 Shares	26,594,339 Shares	26,594,339 Shares
	Funds Raised	\$9,042,075	\$18,084,151	\$27,126,226

**Notes:**

- (a) Based on the total number of fully paid ordinary Shares on issue as at 6 October 2021.
- (b) Based on the closing price of the Company's Shares on ASX as at 6 October 2021.
- (c) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (d) The table assumes that the Company issues the maximum number of ordinary Shares available to be issued under Listing Rule 7.1A.
- (e) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of issues of equity securities under the 10% Placement Facility based on that Shareholder's holding at the date of this Explanatory Statement.
- (f) The table shows the effect of an issue of equity securities under Listing Rule 7.1A only, not under the Company's 15% placement capacity under Listing Rule 7.1.

### 3.3.5 ASX Listing Rule 7.3A.5 – Allocation policy for issues under Listing Rule 7.1A

The Company's allocation policy and the identity of the allottees of equity securities under Listing Rule 7.1A will depend on a number of factors, including:

- (a) the Company's intentions in relation to the possible issue of equity securities (for cash consideration) during the Listing Rule 7.1A mandate period;
- (b) the structure and timeframe of the capital raising opportunities available to the Company and any alternative methods for raising funds that are available to the Company (such as a pro rata offer or an offer under a share purchase plan);
- (c) the potential effect on the control of the Company;
- (d) the Company's financial position and the likely future capital requirements; and
- (e) advice from the Company's corporate or financial advisors.

Based on the Company's historical cashflow reports and capital raising activities in the past 12 months, the Company considers that it may raise funds during the Listing Rule 7.1A mandate period, although this cannot be guaranteed. As of the date of this Notice, no specific intention to issue equity securities in relation to any parties, investors or existing Securityholders have been formed. In addition, no intentions have been formed in relation to the possible number of issues, or the time frame in which the issues could be made. Subject to the requirements of the Listing Rules and the Corporations Act, the Board reserves the right to determine at the time of any issue of equity securities under Listing Rule 7.1A, the allocation policy that the Company will adopt for that issue.

If and when the determination is made to proceed with an issue of equity securities during the Listing Rule 7.1A mandate period, details regarding the allottees and purposes of issue will be disclosed pursuant to the Company's obligations under Listing Rules 3.10.3 and 7.1A.4.

Offers made under Listing Rule 7.1A may be made to parties (excluding any related parties) including professional and sophisticated investors, existing Shareholders of the Company, clients of Australian Financial Service Licence holders and/or their nominees, or any other person to whom the Company is able to make an offer of equity securities.

### **3.3.6 ASX Listing Rule 7.3A.6 - Issue or agreement to issue equity securities under Listing Rule 7.1A in the 12 months prior to AGM**

The Company has not previously obtained shareholder approval under Listing Rule 7.1A.

### **3.4 Voting Exclusion Statement**

A voting exclusion statement is included in the Notice for the purposes of Resolution 3. At the date of this Notice, the Company has not approached any existing Shareholder or security holder or an identifiable class of existing security holder to participate in a proposed issue of Equity Securities under the proposed 10% Placement Facility. No existing Shareholders' votes will therefore be excluded under the voting exclusion in the Notice.

### **3.5 Directors' recommendations**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

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## **4 RESOLUTION 4 – INCREASE TO AGGREGATE MAXIMUM AMOUNT OF NON-EXECUTIVE DIRECTORS' FEES**

### **4.1 General**

ASX Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

In addition, Article 6.5(a) of the Constitution states that the Company may pay to the non-executive directors a maximum total amount of director's fees, determined by the Company in general meeting.

Resolution 4 seeks Shareholder approval for the purposes of Listing Rule 10.17, Article 6.5 of the Constitution and for all other purposes, for the Company to be authorised to increase the maximum aggregate amount of fees available to be paid to non-executive Directors under clause 6.5 of the Constitution by approximately \$300,000, being an increase from \$300,000 per annum (inclusive of superannuation contributions) to \$600,000 per annum (inclusive of superannuation contributions).

The maximum aggregate amount of fees payable to Directors has not been increased since Company's listing on the ASX. It is not intended to fully utilise the increased aggregate amount of fees (if approved) in the immediate future.

The Directors continue to review the size and composition of the Board and are seeking to increase the amount of fees payable to non-executive Directors for the following reasons:

- The Directors consider that the fee pool available for non-executive Directors should provide sufficient flexibility for the Company to take on additional Directors when deemed necessary and to provide flexibility for succession planning to attract new Directors of a caliber required to effectively guide and monitor the business of the Company.
- The time commitment of non-executive Directors and the demands being placed upon them to diligently and adequately perform their duties on behalf of Shareholders has increased (and is expected to continue to do so) as the Company and its business has continued to grow and expand both organically as well as through the Company's acquisitions of other synergistic businesses.
- An increased fee pool will ensure the Company can appoint and retain non-executive Directors who hold skill-sets appropriate to the increasing scope and complexity of the Company's business – including through relevant industry and other professional experience.

The Directors consider that the increased aggregate fee pool of \$600,000 will (if approved) provide appropriate capacity for the Company's future requirements. Based on the Board composition, it is not expected that the maximum remuneration payable will be paid to the non-executive Directors in the 2022 financial year. However, the increased aggregate fee pool will provide the necessary flexibility to operate the Board with a varying number of Directors to meet the oversight and governance requirements of the Company, as well as the ability to attract and retain appropriately qualified Directors.

The total annual remuneration of the non-executive Directors for the financial year ended 30 June 2021 was \$219,000 as detailed on page 23 of the Company's 2021 Annual Financial Report. This includes all Board and committee fees paid to non-executive Directors and superannuation contributions made on behalf of the non-executive Directors.

If Resolution 4 is passed, the aggregate annual remuneration pool for non-executive Directors will change to \$600,000 per annum (inclusive of superannuation contributions), representing an increase of \$300,000 per annum (inclusive of superannuation contributions).

If Resolution 4 is not passed, the aggregate remuneration pool for non-executive Directors will remain at \$300,000 per annum (inclusive of superannuation contributions). This may inhibit the ability of the Company to remunerate, attract and retain appropriately skilled non-executive Directors.

#### **4.2 Specific information required by ASX Listing Rule 10.17**

Pursuant to and in accordance with ASX Listing Rule 10.17, the following information is provided in relation to Resolution 4:

- (a) the amount of the increase is \$300,000 per annum (inclusive of superannuation contributions);
- (b) the maximum aggregate amount of director's fees that may be paid to all of the Company's non-executive directors (assuming Resolution 4 is passed) is \$600,000 per annum (inclusive of superannuation guarantee charge contributions);
- (c) no securities were issued to any non-executive Director under ASX Listing Rules 10.11 or 10.14 within the last three years; and
- (d) a voting exclusion statement is included in this Notice.

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## GLOSSARY

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**\$** means Australian dollars.

**10% Placement Facility** has the meaning given in Section 3.1.

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

**Annual Report** means the annual report of the Company for the financial year ended 30 June 2021.

**ASX** means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**ASX Listing Rules or Listing Rules** means the Listing Rules of ASX.

**Auditor's Report** means the auditor's report contained in the Annual Report.

**AWST** means Western Standard Time as observed in Perth, Western Australia.

**Board** means the Directors acting as the board of directors of the Company or a committee appointed by such board of directors.

**Chair or Chairman** means the chair of the Annual General Meeting.

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

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

**Company** means COSOL Limited ACN 635 371 363.

**Constitution** means the Company's Constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Corporations Regulations** means the *Corporations Regulations 2001* (Cth).

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

**Directors' Report** means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

**Equity Securities** has the same meaning as given in the Listing Rules.

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

**Financial Report** means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**Notice or Notice of Meeting** means the notice of meeting which forms part of this Explanatory Statement.

**Proxy Form** means the enclosed appointment of proxy form.

**Related Body Corporate** has the meaning set out in section 50 of the Corporations Act.

**Related Party** is defined in section 228 of the Corporations Act.

**Remuneration Report** means the remuneration report in the Directors' Report section of the Annual Report.

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

**Section** means a section contained in this Explanatory Statement.

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

**Shareholder** means a registered holder of a Share.

**Spill Resolution and Spill Meeting** each have the meaning given in Section 1.2.

**LODGE YOUR VOTE**
 **ONLINE**  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)
 **BY MAIL**  
 COSOL Limited  
 C/- Link Market Services Limited  
 Locked Bag A14  
 Sydney South NSW 1235 Australia

 **BY FAX**  
 +61 2 9287 0309

 **BY HAND**  
 Link Market Services Limited  
 Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**  
 Telephone: 1300 554 474      Overseas: +61 1300 554 474

**X99999999999**
**PROXY FORM**

I/We being a member(s) of COSOL Limited and entitled to participate in and vote hereby appoint:

**APPOINT A PROXY**
 **the Chairman of the Meeting (mark box)**
**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

**STEP 1**

 or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **9:30am (AWST) on Thursday, 18 November 2021 at Gumala Meeting Room, Ground Floor of 197 St George's Terrace, Perth WA** (the Meeting) and at any postponement or adjournment of the Meeting.

**Important for Resolutions 1 & 4:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1 & 4, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**
**VOTING DIRECTIONS**
**Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an** 
**STEP 2**
**Resolutions**

	For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-Election of Director – Gerald Strautins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 ASX Listing Rule 7.1a (Additional 10% Capacity) Approval of Future Issue of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Increase to Aggregate Maximum Amount of Non-Executive Directors' Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

**SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED**

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

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

**STEP 3**


## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

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

### APPOINTMENT OF PROXY

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

### DEFAULT TO CHAIRMAN OF THE MEETING

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

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

### APPOINTMENT OF A SECOND PROXY

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

To appoint a second proxy you must:

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

### SIGNING INSTRUCTIONS

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

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

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

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

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

### CORPORATE REPRESENTATIVES

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

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **9:30am (AWST) on Tuesday, 16 November 2021**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

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



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



#### BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

#### QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



#### BY MAIL

COSOL Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

Deliver it to Link Market Services Limited\*  
Level 12  
680 George Street  
Sydney NSW 2000

\*during business hours Monday to Friday (9:00am - 5:00pm) and subject to public health orders and restrictions

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