



Lark Distilling Co.

**LARK DISTILLING CO. LTD**  
**ACN 104 600 544**

# **Notice of Annual General Meeting**

## **Explanatory Statement and Proxy Form**

Date of Meeting:  
**Monday 29 November 2021**

Time of Meeting:  
**10.00AM (AEDT)**

*Due to the ongoing COVID-19 pandemic, the meeting will be held in a virtual manner via a video-conferencing facility. If you are a shareholder who wishes to attend and participate in the virtual meeting, please register in advance as per the instructions outlined in this Notice of Meeting. Shareholders are strongly encouraged to lodge their completed proxy forms in accordance with the instructions in this Notice of Meeting.*

*Following recent modifications brought to the Corporations Act which renewed the temporary relief for companies to use electronic communications to send meeting materials, **no hard copy** of the Notice of Annual General Meeting and Explanatory Statement will be circulated. The Notice of Meeting has been given to those entitled to receive it by use of one or more technologies. The Notice of Meeting is also available on the Australian Stock Exchange Announcement platform and on the Company's website <https://larkdistillery.com/investor-centre/>.*

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

# LARK DISTILLING CO. LTD

ACN 104 600 544

Registered office: Level 1, 30 Argyle Street, Hobart TAS 7000

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (**AGM** or **Meeting**) of the Shareholders of Lark Distilling Co. Ltd (**Company**) will be held virtually via a video-conferencing facility at 10.00am (AEDT) on Monday, 29 November 2021.

The health and safety of members and personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances as a result of COVID-19. While the COVID-19 situation remains volatile and uncertain, based on the best information available to the Board at the time of the Notice, the Company intends to hold the Meeting by electronic means and therefore conduct a poll on the resolutions in the Notice using the proxies filed prior to the Meeting, and allow votes to be cast during the Meeting. Shareholders attending virtually will be taken for all purposes to be in attendance as if they were physically there.

Shareholders are encouraged to submit their proxies as early as possible, and in any event, prior to the cut-off date for proxy voting as set out in the Notice. To lodge your proxy, please follow the directions on your personalised proxy form.

Shareholders will be able to ask questions and the Company has made provision for Shareholders who register their attendance before the start of the meeting to also cast their votes on the proposed resolutions at the AGM.

The live webcast can be attended using the following details:

**When:** Monday, 29 November 2021 at 10.00am (AEDT)  
**Topic:** LRK Annual General Meeting

**Register in advance for this webinar:**

[https://us02web.zoom.us/webinar/register/WN\\_HydqXYnkTPCSCCtzYdK1Ew](https://us02web.zoom.us/webinar/register/WN_HydqXYnkTPCSCCtzYdK1Ew)

After registering, you will receive a confirmation email containing information about joining the meeting. As noted previously, **the Company strongly recommends that its Shareholders lodge a directed proxy as soon as possible in advance of the Meeting** even if they are planning to attend the Meeting online.

The Company is happy to accept and answer questions submitted prior to the meeting by email to [mleydin@leydinfreyer.com.au](mailto:mleydin@leydinfreyer.com.au). The Company will address relevant questions during the meeting or by written response after the Meeting (subject to the discretion of the Company not to respond to unreasonable and/or offensive questions). If the situation in relation to COVID-19 were to change in a way that affected the position above, the Company will provide a further update ahead of the Meeting by releasing an announcement to the ASX.

Any Shareholders who wish to attend the AGM should therefore monitor the Company's website and its ASX announcements for any updates about the AGM. If it becomes necessary or appropriate to make alternative arrangements for the holding or conducting of the Meeting, the Company will make further information available through the ASX website at [asx.com.au](http://asx.com.au) (ASX: LRK) and on its website at <https://larkdistillery.com/investor-centre/>.

# AGENDA

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

## ORDINARY BUSINESS

### Receipt and consideration of Accounts & Reports

To receive and consider the financial report of the Company and the related reports of the Directors (including the Remuneration Report) and auditors for the year ended 30 June 2021.

*Note: Except for as set out in Resolution 1, there is no requirement for Shareholders to approve these reports. Accordingly, no resolution will be put to Shareholders on this item of business.*

### Resolution 1: Adoption of Remuneration Report

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

*"That for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report (included in the Directors' Report) for the financial year ended 30 June 2021 be adopted."*

*A voting exclusion statement as set out below in this Notice applies to this Resolution.*

### Resolution 2: Re-election of Mr David Dearie as a Director of the Company

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

*"That Mr David Dearie, who retires by rotation pursuant to the Constitution and Listing Rule 14.5 and, being eligible and offering himself for re-election, be re-elected as a Director of the Company."*

### Resolution 3: Approval to grant 75,000 Performance Rights to Mr Geoff Bainbridge (or his Nominee)

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

*"That for the purposes of Listing Rule 10.14 and for all other purposes, approval be given to grant 75,000 Performance Rights to Mr Geoff Bainbridge (or his Nominee), a Director of the Company, and to issue and Shares on vesting and exercise of those Performance Rights, under the Employee Incentive Plan on the terms and conditions set out in the Explanatory Statement."*

*A voting exclusion statement as set out below in this Notice applies to this Resolution.*

### Resolution 4: Approval to grant 90,000 Performance Rights to Ms Laura McBain (or her Nominee)

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

*"That for the purposes of Listing Rule 10.14 and for all other purposes, approval be given to grant 90,000 Performance Rights to Ms Laura McBain (or her Nominee), a Director of the Company, and to issue the Shares on vesting and exercise of those Performance Rights, under the Company's Employee Incentive Plan on the terms and conditions set out in the Explanatory Statement."*

*A voting exclusion statement as set out below in this Notice applies to this Resolution.*

### Resolution 5: Ratification of Prior Issue of Fully Paid Ordinary Shares

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

*"That, under and for the purposes of Listing Rule 7.4 and for all other purposes, shareholders approve, ratify and confirm the issue of 9,300,000 fully paid ordinary shares in the Company at an issue price of \$5.00 per share on 22 October 2021 as described in the Explanatory Statement which accompanies and forms part of the Notice of the Meeting."*

A voting exclusion statement as set out below in this Notice applies to this Resolution.

**Resolution 6(a): Participation in Share Placement by Director – Mr Geoff Bainbridge (or his nominee)**

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

*“That, under and for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the allotment and issue of 572,000 Shares to Geoff Bainbridge (or his nominee), on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of the Notice of the Meeting.”*

A voting exclusion statement as set out below in this Notice applies to this Resolution.

**Resolution 6(b): Participation in Share Placement by Director – Mr David Dearie (or his nominee)**

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

*“That, under and for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the allotment and issue of 150,000 Shares to David Dearie (or his nominee), on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of the Notice of the Meeting.”*

A voting exclusion statement as set out below in this Notice applies to this Resolution.

**Resolution 6(c): Participation in Share Placement by Director – Mr Warren Randall (or his nominee)**

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

*“That, under and for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the allotment and issue of 500,000 Shares to Warren Randall (or his nominee), on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of the Notice of the Meeting.”*

A voting exclusion statement as set out below in this Notice applies to this Resolution.

**Resolution 6(d): Participation in Share Placement by Director – Ms Laura McBain (or her nominee)**

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

*“That, under and for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the allotment and issue of 50,000 Shares to Laura McBain (or her nominee), on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of the Notice of the Meeting.”*

A voting exclusion statement as set out below in this Notice applies to this Resolution.

**Resolution 7: Approval of issue of 306,360 Shares**

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

*“That, under and for the purposes of ASX Listing Rule 7.1 and for all other purposes, shareholders approve the proposed issue of up to 306,360 Fully Paid Ordinary Shares (Shares) at a deemed issue price of \$4.8962 per Share in the Company on the basis set out in the Explanatory Statement.”*

A voting exclusion statement as set out below in this Notice applies to this Resolution.

**By order of the Board**



**Company Secretary**

Dated: 22 October 2021

## Notes

1. **Entire Notice:** The details of the resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Record Date:** The Company has determined that for the purposes of the Annual General Meeting, Shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm (AEDT) on the date 48 hours before the date of the Annual General Meeting. Only those persons will be entitled to vote at the Annual General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting. On a poll, members have one vote for every fully paid ordinary share held.

### 3. Voting

In accordance with the rules applicable to general meetings using virtual technology pursuant to section 250J of the Corporations Act, each of the resolutions proposed at the Meeting will be decided on a poll.

### 4. Proxies

- a. Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
- b. Each Shareholder has a right to appoint one or two proxies.
- c. A proxy need not be a Shareholder of the Company.
- d. If a Shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution or the Corporations Act.
- e. Where a Shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.
- f. If a Shareholder appoints two proxies, and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise half of the votes. If a Shareholder appoints two proxies, neither proxy may vote on a show of hands.
- g. A proxy must be signed by the Shareholder or their attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with corporation's constitution and the Corporations Act.
- h. If you sign the proxy form and do not appoint a proxy, you will have appointed the Chair of the meeting as your proxy.
- i. To be effective, proxy forms must be received by the Company's share registry (Boardroom Pty Limited) no later than 48 hours before the commencement of the Annual General Meeting, this is no later than 10.00am (AEDT) on Saturday, 27 November 2021. Any proxy received after that time will not be valid for the scheduled meeting.

### 5. Corporate Representative

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

### 6. How the Chair will vote Undirected Proxies

Subject to the restrictions set out in Note 7 below, the Chair of the meeting will vote undirected proxies in favour of all of the proposed resolutions. In exceptional circumstances, the Chair may change their voting intention on the Resolution, in which case an ASX announcement will be made. Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

### 7. Voting Exclusion Statement:

#### Resolution 1

In accordance with sections 250R(4) and 250BD(1) of the Corporations Act, a vote must not be cast (in any capacity, including as a proxy), and the Company will disregard any votes purported to be cast, on this Resolution by, or on behalf of, a member of the Key Management Personnel, details of whose remuneration are included in the remuneration report, or a Closely Related Party of such a member (**KMP voter**), unless the KMP voter is casting a vote on this Resolution on behalf of a person who is not a KMP voter (including as a proxy) and either:

- (a) the KMP voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the KMP voter is by the Chair of the meeting and the appointment of the Chair as proxy:
  - a. does not specify the way the proxy is to vote on the resolution; and
  - b. expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company or the consolidated entity.

If you appoint the Chair as your proxy and you do not direct the Chair how to vote, you will be expressly authorising the Chair to exercise the proxy even if the relevant resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

If the Chair of the Meeting is appointed as a proxy for a person who is permitted to vote on this Resolution, the Chair will vote any proxies which do not indicate on their Proxy Form the way the Chair must vote, in favour of this Resolution. In exceptional circumstances, the Chair may change his or her voting intention on the Resolution, in which case an ASX announcement will be made. Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

#### Resolution 2

There are no voting exclusions on this Resolution.

### Resolutions 3 and 4

The Company will disregard any votes cast in favour of these Resolutions by or on behalf of:

- a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Employee Incentive Plan (which includes a director of the Company, including Mr Geoff Bainbridge and Ms Laura McBain, or an associate of that director), or
- an associate of person referred to in the preceding paragraph.

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

- (a) a person as a 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 of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (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:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Furthermore, a vote must not be cast as proxy on either of these Resolutions by a member of the Key Management Personnel (as defined by the Corporations Act) or a closely related party of Key Management Personnel.

However, a person described above (**Restricted Voter**) may cast a vote on these Resolutions as a proxy if:

- (a) The Restricted Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution(s); or
- (b) The Chair is the Restricted Voter and the written appointment of the Chair as proxy does not specify the way the proxy is to vote on the Resolution(s) or expressly authorises the Chair to exercise the proxy even though the Resolution(s) is or are connected with the remuneration of a member of the Key Management Personnel.

If you appoint the Chair as your proxy and you do not direct the Chair how to vote, you will be expressly authorising the Chair to exercise the proxy even if the relevant resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for these Resolutions.

### Resolution 5

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who participated in the relevant issue of securities or any associates of that person or those persons.

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

- (a) a person as a 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 of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (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:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### Resolutions 6(a), 6(b), 6(c) and 6(d)

The Company will disregard any votes cast in favour of these Resolutions by, respectively:

- Resolution 6(a):  
Mr Geoff Bainbridge and any other person(s) who will obtain a material benefit as a result of the proposed issue of shares (except a benefit solely by reason of being a holder of ordinary securities in the entity);
- Resolution 6(b):  
Mr David Dearie and any other person(s) who will obtain a material benefit as a result of the proposed issue of shares (except a benefit solely by reason of being a holder of ordinary securities in the entity);
- Resolution 6(c):  
Mr Warren Randall and any other person(s) who will obtain a material benefit as a result of the proposed issue of shares (except a benefit solely by reason of being a holder of ordinary securities in the entity); and
- Resolution 6(d):  
Ms Laura McBain and any other person(s) who will obtain a material benefit as a result of the proposed issue of shares (except a benefit solely by reason of being a holder of ordinary securities in the entity)

and any associate of that person (or those persons).

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

- (a) a person as a 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 of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (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:

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
- (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **Resolution 7**

The Company will disregard any votes cast in favour of this Resolutions by persons who are expected to participate in, or who will obtain a material benefit as a result of, the proposed issues (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any associates of those persons.

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

- (a) a person as a 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 of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (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:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **8. Enquiries**

Shareholders are invited to contact the Company Secretary on (03) 9692 7222 if they have any queries in respect of the matters set out in these documents.

## EXPLANATORY STATEMENT

### Purpose of Information

This Explanatory Statement (**Statement**) accompanies and forms part of the Company's Notice of Annual General Meeting (**Notice**) for the 2021 Annual General Meeting (**Meeting**).

The Notice incorporates, and should be read together, with this Statement.

### Receipt and consideration of Accounts & Reports

A copy of the Annual Report for the financial year ending 30 June 2021 which incorporates the Company's financial report, reports of the Directors (including the Remuneration Report and the auditors) is not enclosed as there is no longer a requirement for the Company to incur the printing and distribution cost associated with doing so for all Shareholders. You may obtain a copy free of charge in hard copy form by contacting the Company by phone at (03) 9692 7222, and you may request that this occurs on a standing basis for future years.

You may access the Annual Report at the Company's website: <https://larkdistillery.com/investor-centre/> or via the Company's announcement platform on ASX.

Except for as set out in Resolution 1, no resolution is required on these reports.

Shareholders will have the opportunity to ask questions about or make comments on, the 2021 Annual Report and the management of the Company. The auditor will be invited to attend, to answer questions about the audit of the Company's 2021 Annual Financial Statements.

### Resolution 1: Adoption of Remuneration Report

#### Background

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Company's 2021 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the Remuneration Report at the Annual General Meeting.

In accordance with Division 9 of Part 2G.2 of the Corporations Act, if twenty five (25%) per cent or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

It is noted that at the Company's last Annual General Meeting, the votes cast against the Remuneration Report represented less than twenty-five (25%) per cent of the total votes cast on that resolution and accordingly, a spill resolution will not under any circumstances be required for this Meeting.

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

#### Board Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described in the voting exclusions on this Resolution (set out in the Notice of Annual General Meeting), that each Director (or any Closely Related Party of a Director) is excluded from voting their shares on this Resolution, the Directors unanimously recommend that Shareholders vote in favour of this Resolution to adopt the Remuneration Report.



## ***Voting Exclusions***

Refer to Note 7 for voting exclusions.

## **Resolution 2: Re-election of Mr David Dearie as a Director of the Company**

### ***Background***

In accordance with ASX Listing Rule 14.5 and the Company's Constitution, Mr David Dearie will retire at the Annual General Meeting and, being eligible, will offer himself for re-election at the Meeting.

Mr Dearie was appointed as a Director of the Company on 20 May 2019. Mr Dearie occupies the position of Non-Executive Chair for Lark Distilling Co. Ltd. and President & Chief Executive Officer at Ste. Michelle Wine Estates Ltd. He is also Member of Hotel Catering & Institutional Management Association.

In his past career he held the position of Chief Executive Officer, Executive Director & MD at Treasury Wine Estates Ltd., Managing Director-Western Europe & Africa at Brown-Forman Corp., Managing Director-Australia & New Zealand Wine at Foster's Group Pty Ltd. and Regional Director-South East Asia at Inchcape Australia Ltd.

### ***Board Recommendation***

The Board (with Mr Dearie abstaining), recommends that Shareholders vote in favour of the election of Mr Dearie. The Chair of the meeting intends to vote undirected proxies in favour of Mr Dearie's election.

## ***Voting Exclusions***

There are no voting exclusions on this resolution.

## **Resolutions 3 and 4: Approval to Issue Performance Rights to Directors – General Comments**

### ***Background***

The Company is seeking Shareholder approval under these Resolutions for the grant of Performance Rights (**Rights**) to Mr Geoff Bainbridge and Ms Laura McBain who are both Directors of the Company.

To assist Shareholders these notes relating to these Resolutions are structured to minimise repetition, as follows:

- General comments providing an overview of these Resolutions, including matters that are equally applicable and relevant to those resolutions;
- Followed by specific statements for each resolution.

### ***Remuneration rationale, objectives and review***

The Rights are proposed to be issued pursuant to the the Company's Employee Incentive Plan (**EIP**) and the Employee Incentive Plan Rules approved by Shareholders in November 2018 (**EIP Rules**).

The Company's approach to remuneration is to ensure that remuneration received by Key Management Personnel, including its Directors, is closely linked to the Company's performance and the returns generated for Shareholders.

The Directors are of the view that an appropriate remuneration structure for the Directors at this point of the Company's development is a combination of base cash remuneration and an equity-based performance-linked compensation component which will generate the desired outcome in aligning their performance with Shareholder interests.

### ***Performance Rights – general features***

The Rights will vest upon the achievement of defined performance and service period targets, with the performance targets being the achievement of market prices for the Company's shares.

Following vesting, each Right will convert, upon application by the holder, to one fully paid ordinary Share in the Company.

The Company will apply for quotation of the awarded Shares on the ASX.

There will be no consideration payable by a Director upon the issue of the Rights and no amount payable upon conversion of vested Rights to Shares.

The Rights will be issued in tranches, with each tranche having a combination of specific target market price and service period.

The target market share price vesting condition for each tranche of Rights will be achieved if the Company's closing share price equalled or exceeded the target market share price for that tranche on 10 days in any 20 consecutive ASX trading days. The Rights in that tranche will then vest only when the target market share price vesting condition and the corresponding continuous service vesting condition for that tranche had been met.

All Rights will expire at 5.00pm on 31 December 2026. Rights which have met all vesting conditions can be converted to Shares any time prior to that expiry time. All rights which have not vested, or which have vested but have not been converted to Shares by that expiry time, will expire.

The amount of Rights to vest in the respective tranches have been structured to proportionately increase the awards as higher share price targets are achieved, while seeking to minimise dilution of the holdings of existing Shareholders.

### **Financial Benefits to Directors**

For a public company to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) 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.

In particular, Shareholder approval is not needed if the benefit is remuneration given to a related party and that remuneration is reasonable given the circumstances of the public company and of the related party. As Directors, Mr Geoff Bainbridge and Ms Laura McBain are each related parties of the Company. The issue of Rights to each of them constitutes a "financial benefit" as described above. The Board has formed the view that the proposed issues of Rights to each of Mr Geoff Bainbridge and Ms Laura McBain (or their respective nominees) constitutes "reasonable remuneration", given the circumstances of the Company and circumstances of each of the respective Directors (including the responsibilities involved in their respective offices and employment arrangements). In reaching this view, the Board considered that the proposed issues of Rights to those Directors is aligned with Shareholder interests and is a cost-effective form of remuneration when compared to the payment of cash consideration. Accordingly, the Board is not seeking Shareholder approval under section 208 of the Corporations Act.

Nevertheless, Shareholder approval must be obtained pursuant to Listing Rule 10.14.

Listing Rule 10.14 provides that a listed company must not, without the approval of Shareholders, permit any of the following persons to acquire equity securities under an employee incentive scheme:

- 10.14.1: a director of the Company;
- 10.14.2: an associate of a director of the Company; or
- 10.14.3: a person whose relationship with the Company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its Shareholders.

The proposed issue of the Rights falls within Listing Rules 10.14.1 and/or 10.14.2 above, as the proposed recipients of the Rights are Directors of the Company and therefore requires the approval of the Shareholders under Listing Rule 10.14.

If approval is given under Listing Rule 10.14, approval is not required under Listing Rule 7.1.

### **Specific information regarding Resolution 3: Approval to grant 75,000 Performance Rights to Mr Geoff Bainbridge**

#### **Background**

The Company is proposing to grant 75,000 Rights to Mr Geoff Bainbridge (or his nominee) (being a right to acquire up to 75,000 fully paid ordinary shares in the Company subject to satisfaction of relevant vesting conditions) on the terms as described above and below and pursuant to the EIP and the EIP Rules. These Rights were offered to Mr Bainbridge on 25 June 2021 (subject to Shareholder approval).

Resolution 3 seeks the required Shareholder approval to the issue under and for the purposes of Listing Rule 10.14.

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Rights and the Director (or their nominee(s)) will receive the number of Rights set out in the table on page 10 of the Explanatory Statement.

If Resolution 3 is not passed, the Company will not proceed with the issue of the Rights to the Director, and the Director (or his nominee(s)) will not receive the Rights or potential shareholdings as described on page 10.

The Rights proposed to be granted to Mr Bainbridge will vest as follows:

| Tranche no.  | Tranche vesting conditions:     |                                   | Number of Performance rights to vest |
|--------------|---------------------------------|-----------------------------------|--------------------------------------|
|              | Target market share price (\$A) | <u>and</u> continuous service to: |                                      |
| Tranche 2    | \$1.65                          | 31 December 2021                  | 50,000                               |
| Tranche 3    | \$1.95                          | 31 December 2022                  | 25,000                               |
| <b>Total</b> |                                 |                                   | <b>75,000</b>                        |

The following information is given under Listing Rule 10.15 with respect to the Rights that are proposed to be issued to Mr Geoff Bainbridge:

- (a) the proposed recipient is Mr Geoff Bainbridge (or his nominee) (each of which would be an associate of the Director);
- (b) the proposed recipient is a Director of the Company;
- (c) the maximum number of Rights to be issued in total is: 75,000;
- (d) Mr Bainbridge's current total remuneration package is set out below;
- (e) The total number of Rights previously issued to Mr Bainbridge under the EIP is as follows:

| Number and type of securities | Average acquisition price paid |
|-------------------------------|--------------------------------|
| 1,060,000 Performance Rights  | Nil                            |

- (f) information regarding or containing:
  - i. a summary of the material terms of Rights;
  - ii. an explanation of why Rights are being used; and
  - iii. the value attributed by the Company to the Rights and its basis;
 is set out below;
- (g) the Company expects to issue the Rights within one (1) month after the date of this Meeting;
- (h) the Rights will be issued for nil consideration;
- (i) the material terms of the plan can be found in Annexure 1 to this explanatory statement
- (j) details of any Rights issued under the EIP will be published in the Annual Report of the Company relating to a period in which the Rights have been issued in addition to a statement that the securities were issued under Listing Rule 10.14;
- (k) any additional persons covered by listing rule 10.14 who become entitled to participate in an issue of securities under the EIP after the resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule.

Mr Bainbridge's current total remuneration is as follows

| Director            | Nature                  | Remuneration Package |
|---------------------|-------------------------|----------------------|
| Mr Geoff Bainbridge | Managing Director & CEO | \$450,000 per annum  |

The Performance Rights' indicative fair value was calculated using Monte Carlo valuation model. The assumptions used in the valuation model were as follows:

| <b>Assumptions<sup>^</sup>:</b> | <b>Tranche 2</b> | <b>Tranche 3</b> |
|---------------------------------|------------------|------------------|
| Valuation Date                  | 29 Sept 2021     | 29 Sept 2021     |
| Spot Price                      | \$4.84           | \$4.84           |
| Exercise Price                  | Nil              | Nil              |
| Barrier Price                   | \$1.65           | \$1.95           |
| Vesting Date                    | 31-Dec-21        | 31-Dec-22        |
| Expiry Date                     | 31-Dec-26        | 31-Dec-26        |
| Expected Future Volatility      | 55%              | 55%              |
| Risk Free Rate                  | 0.78%            | 0.78%            |
| Dividend Yield                  | Nil              | Nil              |

<sup>^</sup>Based on the grant date assumed as the valuation date.

The Performance Rights' indicative fair value using the above methodology was calculated as follows:

|                        | <b>Tranche 2</b> | <b>Tranche 3</b> |
|------------------------|------------------|------------------|
| Estimated Vesting Date | 31-Dec-21        | 31-Dec-22        |
| Value Per Right        | \$4.84           | \$4.84           |

In addition, it is noted that Mr Bainbridge's security interests in the Company are currently (not including any potential grant of Performance Rights, the subject of this Resolution) 3,474,033 Fully Paid Ordinary Shares.

### **Termination Benefits approval – sections 200B and s200E Corporations Act**

Sections 200B and 200E of the Corporations Act prohibit the Company from giving a benefit to a person who holds (or has held in the previous three years) a managerial or executive office with the Company or its subsidiaries, if that benefit is given in connection with that person's retirement from office and is in excess of that person's average annual base salary over the relevant period, unless the benefit is approved by Shareholders or an exemption applies.

Approval is therefore sought under section 200E of the Corporations Act to allow for the Board to determine to accelerate vesting of some or all of Mr Geoff Bainbridge's unvested Performance Rights in the event Mr Bainbridge ceases employment in 'good leaver' circumstances being cessation other than due to resignation or dismissal for cause or poor performance and for the benefit not to be a termination benefit for the purposes of the Corporations Act. Where Mr Bainbridge ceases as a 'bad leaver' (which includes by resignation or dismissal for poor performance), all unvested Performance Rights will lapse, unless the Board determines otherwise.

If Shareholder approval is obtained, the value of the approved benefits will be disregarded when calculating Mr Bainbridge's termination benefits cap for the purpose of subsection 200F(2)(b) or subsection 200G(1)(c) of the Corporations Act. The approval will be effective from the date the Resolution is passed until the conclusion of the 2024 Annual General Meeting (that is, for a period of approximately three years).

The value of any benefit relating to the Performance Rights given in connection with Mr Bainbridge ceasing to hold managerial or executive office cannot presently be ascertained. However, matters, events and circumstances that will, or are likely to, affect the calculation of that value are:

- the number of Performance Rights held by Mr Bainbridge prior to cessation of his employment;
- the date when, and circumstances in which, Mr Bainbridge ceases employment;
- whether performance hurdles are waived or (if not waived) met, and the number of Performance Rights that vest (which could be all of the Performance Rights held by Mr Bainbridge); and
- the market price of the Company's shares on the ASX on the date Shares are provided to Mr Bainbridge upon vesting of the Performance Rights.

### **Voting Exclusions**

Refer to Note 7 for voting exclusions.

### **Board Recommendation**

The Board (with Mr Geoff Bainbridge abstaining), recommends that Shareholders vote in favour of Resolution 3. The Chair will vote undirected proxies in favour of this Resolution.

**Specific information regarding Resolution 4: Approval to grant 90,000 Performance Rights Ms Laura McBain (or her Nominee)**

**Background**

The Company is proposing to grant 90,000 Rights to Ms Laura McBain (or her nominee) (being a right to acquire up to 90,000 fully paid ordinary shares in the Company subject to satisfaction of relevant vesting conditions) on the terms as described above and below, and pursuant to the EIP and the EIP Rules. These Rights were offered to Ms McBain on 6 February 2021 (subject to Shareholder approval).

Resolution 4 seeks the required Shareholder approval to the issue under and for the purposes of Listing Rule 10.14.

If Resolution 4 is passed, the Company will be able to proceed with the issue of the Rights and the Director (or their nominee(s)) will receive the number of Rights set out in the table on page 12 of the Explanatory Statement.

If Resolution 4 is not passed, the Company will not proceed with the issue of the Rights to the Director, and the Director (or her nominee(s)) will not receive the Rights or potential shareholdings as described on page 12.

The Rights proposed to be granted to Ms McBain will vest as follows:

| Tranche no.  | Tranche vesting conditions:     |                                   | Number of Performance rights to vest |
|--------------|---------------------------------|-----------------------------------|--------------------------------------|
|              | Target market share price (\$A) | <u>and</u> continuous service to: |                                      |
| Tranche 4    | \$2.25                          | 31 December 2023                  | 45,000                               |
| Tranche 5    | \$2.55                          | 31 December 2024                  | 45,000                               |
| <b>Total</b> |                                 |                                   | <b>90,000</b>                        |

The following information is given under Listing Rule 10.15 with respect to the Rights that are proposed to be issued to Ms Laura McBain:

- (a) the proposed recipient Ms Laura McBain (or her nominee) (each of which would be an associate of the Director);
- (b) the proposed recipient is a Director of the Company;
- (c) the maximum number of Rights to be issued in total is: 90,000;
- (d) Ms McBain's current total remuneration package is set out below;
- (e) Ms McBain has not previously received any Rights under the EIP;
- (f) information regarding or containing:
  - i. a summary of the material terms of Rights;
  - ii. an explanation of why Rights are being used; and
  - iii. the value attributed by the Company to the Rights and its basis;is set out below;
- (g) the Company expects to issue the Rights within one (1) month after the date of this Meeting;
- (h) the Rights will be issued for nil consideration;
- (i) the material terms of the plan can be found in Annexure 1 to this explanatory statement
- (j) details of any Rights issued under the EIP will be published in the Annual Report of the Company relating to a period in which the Rights have been issued in addition to a statement that the securities were issued under Listing Rule 10.14;
- (k) any additional persons covered by listing rule 10.14 who become entitled to participate in an issue of securities under the EIP after the resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule.

Ms McBain's current total remuneration is as follows:

| Director        | Nature                 | Remuneration Package |
|-----------------|------------------------|----------------------|
| Ms Laura McBain | Non-Executive Director | \$50,000 per annum   |

The Performance Rights' indicative fair value was calculated using Monte Carlo valuation model. The assumptions used in the valuation model were as follows:

| <b>Assumptions<sup>^</sup>:</b> | <b>Tranche 3</b> | <b>Tranche 4</b> |
|---------------------------------|------------------|------------------|
| Valuation Date                  | 29 Sept 2021     | 29 Sept 2021     |
| Spot Price                      | \$4.84           | \$4.84           |
| Exercise Price                  | Nil              | Nil              |
| Barrier Price                   | \$2.25           | \$2.55           |
| Vesting Date                    | 31-Dec-23        | 31-Dec-24        |
| Expiry Date                     | 31-Dec-26        | 31-Dec-26        |
| Expected Future Volatility      | 55%              | 55%              |
| Risk Free Rate                  | 0.78%            | 0.78%            |
| Dividend Yield                  | Nil              | Nil              |

<sup>^</sup>Based on the grant date assumed as the valuation date.

The Performance Rights' indicative fair value using the above methodology was calculated as follows:

|                        | <b>Tranche 3</b> | <b>Tranche 4</b> |
|------------------------|------------------|------------------|
| Estimated Vesting Date | 31-Dec-23        | 31-Dec-24        |
| Value Per Right        | \$4.84           | \$4.84           |

In addition, it is noted that Mc McBain's security interests in the Company are currently (not including any potential grant of Performance Rights, the subject of this Resolution) 29,000 Fully Paid Ordinary Shares.

### **Voting Exclusions**

Refer to Note 7 for voting exclusions.

### **Board Recommendation**

The Board (with Ms Laura McBain abstaining), recommends that Shareholders vote in favour of Resolution 4. The Chair will vote undirected proxies in favour of this Resolution.

### **Resolution 5: Ratification of Prior Issue of Fully Paid Ordinary Shares**

The Company is seeking Shareholder approval pursuant to Listing Rule 7.4 to ratify the prior issue of 9,300,000 fully paid ordinary shares to professional and sophisticated investors under a share placement (**Placement**) in accordance with ASX announcement dated 18 October 2021. These shares were issued on 22 October 2021 (**Issue Date**) and an Appendix 2A in relation to this issue was lodged with the ASX on that same date.

Listing Rule 7.1 allows the Company to issue new securities up to 15% of the existing capital of the Company in any 12-month period without the prior approval of Shareholders, unless one of the exceptions in Listing Rule 7.2 applies. The issue of Shares under the Share Purchase Plan, which was made using the Company's 15% placement capacity under Listing Rule 7.1, was within the Company's available placement capacity under Listing Rule 7.1 and did not fit within any of the Listing Rule 7.2 exceptions.

Listing Rule 7.4 provides that where a company's shareholders ratify the prior issue of securities made pursuant to Listing Rule 7.1 (provided that the previous issue of securities did not breach Listing Rule 7.1) those securities will be deemed to have been issued with shareholder approval for the purposes of Listing Rule 7.1.

The prior issue of ordinary shares on 22 October 2021 continues to use the capacity of the Company to issue further securities without shareholder approval over the 12 month period following the Issue Date. The Company seeks approval under Listing Rule 7.4 to refresh its capacity to make further issues without shareholder approval under Listing Rule 7.1.

If shareholders pass this Resolution, then the shares issued on 22 October 2021 will no longer use the capacity of the Company under the Listing Rules and the Company will be able to issue Equity Securities using the refreshed placement capacity without shareholder approval over the 12 month period following the Issue Date.

If shareholders do not pass this Resolution, then the shares issued on 22 October 2021 will continue to use the capacity available to the Company under the Listing Rules effectively decreasing the number of Equity Securities it can issue without shareholder approval over the 12 month period following the Issue Date.

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

- (a) the securities were issued to professional and sophisticated investors, who are clients of the Company's professional advisors, Barrenjoey Advisory Pty Limited. None of the participants in the Capital Raising were investors required to be disclosed under ASX Guidance Note 21.;
- (b) the number and class of securities issued were 9,300,000 fully paid ordinary shares in the Company;
- (c) the shares were issued on 22 October 2021;
- (d) the shares were issued at an issue price of \$5.00 per share;
- (e) the purpose of the Placement was to provide funds to be used for Acquisition of the Pontville Distillery and Cooperage and associated land from Shene Estate.

### **Board Recommendation**

The Board unanimously recommends that shareholders vote in favour of this Resolution.

### **Voting Exclusions**

Refer to Note 7 for voting exclusions on this Resolution.

### **Resolutions 6(a), 6(b), 6(c) and 6(d): Participation in Share Placement by Directors**

Resolutions 6(a), 6(b), 6(c) and 6(d) seeks shareholder approval for the proposed participation by Directors of the Company (or their nominees) in the Placement on exactly the same terms and conditions to the Placement made to the unrelated parties the subject of Resolution 5. The respective resolutions and proposed participations of the directors in the Placement (**Proposed Placement Participations**) are:

| <b>Resolution no.</b> | <b>Director</b>     | <b>Proposed Placement Participations</b> |
|-----------------------|---------------------|--|
| 6(a)                  | Mr Geoff Bainbridge | 572,000 Shares                           |
| 6(b)                  | Mr David Dearie     | 150,000 Shares                           |
| 6(c)                  | Mr Warren Randall   | 500,000 Shares                           |
| 6(d)                  | Ms Laura McBain     | 50,000 Shares                            |

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

Under Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "related party" unless one of the exceptions to Section 208 apply or Shareholders have in general meeting approved the giving of that financial benefit to the related party. A "financial benefit" is defined in the Corporations Act in broad terms and includes a public company issuing securities. For the purposes of this meeting, a "related party" includes a director of the Company. Accordingly, the proposed issue of shares to a Director involves the provision of a financial benefit to a related party of the Company.

Section 210 of the Corporations Act provides that an entity does not need to obtain Shareholder approval to give a financial benefit to a related party if the giving of the financial benefit would be reasonable in the circumstances if the related party and the entity are dealing at arm's length (or terms less favourable than arm's length).

Given that the Related Parties will be subscribing for shares under the Placement on the same terms as all other placement investors, the Board is of the view that the proposed issue is determined to be at arm's length and therefore that the exception in Section 210 of the Corporations Act is relevant to the Resolutions 6 (a), (b), (c) and (d), and as such is not seeking Shareholder approval pursuant to Chapter 2E of the Corporations Act.

### **ASX Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not, unless it obtains the approval of its shareholders, issue or agree to issue equity securities to certain parties, including:

- 10.11.1: a related party; or
- 10.11.4: an associate of a related party.

The Proposed Placement Participations each fall within Listing Rule 10.11.1, as the proposed recipients are all Directors and therefore related parties of the Company, and do not fall within any of the exceptions in Listing Rule 10.12. The Proposed Placement Participations therefore each require the approval of the Company's shareholders under Listing Rule 10.11.

Resolutions 6(a), 6(b), 6(c) and 6(d) seek the required shareholder approval of the Proposed Placement Participations under and for the purposes of Listing Rule 10.11.

If Resolutions 6(a), 6(b), 6(c) and 6(d) are passed, the Company will be able to proceed with the Proposed Placement Participations and will issue the Placement Shares to the respective directors.

If any of Resolutions 6(a), 6(b), 6(c) and 6(d) are not passed, the Company would not be able to proceed with the Proposed Placement Participation(s) to the relevant director(s). The relevant Placement Shares would not be issued to the relevant director(s) and the Company would not receive the Placement proceeds for the relevant Proposed Placement Participation(s).

If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

#### **Technical information required by ASX Listing Rule 10.11**

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 6(a), 6(b), 6(c) and 6(d):

- (a) the number of shares to be issued to the following persons (the **Related Parties**) (or their nominees) is as follows:
  - Resolution 6(a): Geoff Bainbridge – 572,000 ordinary fully paid shares;
  - Resolution 6(b): David Dearie – 150,000 ordinary fully paid shares;
  - Resolution 6(c): Warren Randall – 500,000 ordinary fully paid shares; and
  - Resolution 6(d): Laura McBain – 50,000 ordinary fully paid shares;
- (b) each of the above persons are related parties under Listing Rule 10.11.1 as they are directors of the Company;
- (c) the shares will be issued no later than one (1) month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that allotment will occur on the same date;
- (d) ordinary shares will be issued at a price of \$5.00 per share;
- (e) the purpose of the Placement was to provide funds to be used for Acquisition of the Pontville Distillery and Cooperage and associated land from Shene Estate.

There is no other information known to the Directors that is reasonably required by Shareholders to make a decision whether or not it is in the Company's interest to pass the resolutions the subject of Resolution 6.

#### **Resolution 7: Approval of issue of 306,360 Shares**

##### **Background**

As announced to shareholders on 18 October 2021, the Company has entered into a binding agreement for the acquisition of Shene Estate – the owner of the Pontville Distillery and Estate (**Acquisition**).

The iconic estate and distillery are located 30 minutes north of Hobart at Pontville and includes 40 acres of land and buildings, a 130,000 litre distillery, a cellar door, eight bond stores, a working cooperage and the historic stables and homestead.

Pontville will be the Company's third working distillery in Tasmania, alongside its Cambridge and Bothwell sites and will contribute to the inhouse production of 576,000 litres of Lark whisky each year. Lark at Pontville will commence distilling from February 2022 with its cellar door open to the public from this date. All whisky distilling, product innovation and development will continue to be led by the Company's Master Distiller Chris Thomson and his team.

The total consideration payable for the Acquisition is \$40 million comprised of:

- \$38.5 million in cash; and
- 306,360 Shares to be issued to the vendors of Shene Estate (**Shene Vendors**) with an implied value of \$1.5 million based on an issue price of \$4.8962 per share (**Shene Consideration Shares**).

The Acquisition is expected to complete in early February 2022.

Further information in relation to the strategic rationale for the Acquisition is contained in the Company's Investor Presentation and announcement released to ASX on 18 October 2021.



## **ASX Listing Rule 7.1**

As noted above, the Company has entered into an Agreement to acquire 100% of the shares in the Shene Estate and to issue 306,360 Consideration Shares, subject to Shareholder approval.

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 shares it had on issue at the start of that period.

The Shene Consideration Shares do not fall within any of the relevant exceptions and exceed the 15% limit in Listing Rule 7.1. They therefore require the approval of the Company's shareholders under Listing Rule 7.1.

This Resolution seeks the required shareholder approval to the Vendor Consideration Issues under and for the purposes of Listing Rule 7.1.

If this Resolution is passed, the Company will be able to proceed with the issue of Shene Consideration Shares and progress with the Acquisition. In addition, the issue of Shene Consideration Shares will be excluded from the calculation of the number of equity securities that the Company can issue without shareholder approval under Listing Rule 7.1.

If this Resolution is not passed, the Company would not be able to proceed with the issue of Shene Consideration Shares and would therefore not be able to progress with the Acquisition.

## **ASX Listing Rule Disclosure Requirements**

The following information is provided in relation to this Resolution, as required by ASX Listing Rule 7.3:

- (a) the persons to whom the Company has agreed to issue Shene Consideration Shares are as follows:
  - David Rawson Kernke; and
  - John Ibrahim.None of the abovenamed persons are persons required to be disclosed under ASX Guidance Note 21.
- (b) the numbers and classes of securities agreed to be issued are 306,360 ordinary fully paid shares;
- (c) the Shene Consideration Shares will be issued on completion of the Acquisition which is expected to occur in early February 2022;
- (d) the Shene Consideration Shares will be issued in part consideration of the purchase price in respect of the Acquisition. No funds will be raised by the Company from the issue;
- (e) the Shene Consideration Shares are to be issued for no cash consideration and form part of the consideration payable by the Company to the Shene Vendors for the Acquisition;
- (f) a summary of the material terms of the agreement under which the Shene Consideration Shares will be issued is outlined in this Notice and the Company's Investor Presentation released to ASX on 18 October 2021.

## **Voting Exclusions**

Refer to Note 7 for voting exclusions.

## **Board Recommendation**

The Board recommends that Shareholders vote in favour of Resolution 7. The Chair will vote undirected proxies in favour of this Resolution.

## GLOSSARY

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

“\$” means Australian Dollars;

“**Annual Report**” means the Directors’ Report, the Financial Report, and Auditor’s Report, in respect to the year ended 30 June 2021;

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

“**Auditor’s Report**” means the auditor’s report on the Financial Report;

“**AEDT**” means Australian Eastern Daylight Time.

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

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

“**Closely Related Party**” means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

“**Company**” means Lark Distilling Co. Ltd Limited ACN 104 600 544;

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

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

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

“**EIP**” means the Employee Incentive Plan;

“**Employee Incentive Plan**” means the Employee Incentive Plan of the Company approved by Shareholders in November 2018;

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

“**Explanatory Statement**” means the Explanatory Statement which forms part of the Notice;

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

“**Key Management Personnel**” or “**KMP**” means 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;

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

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

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

“**Option**” means an option to acquire a Share;

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

“**Remuneration Report**” means the remuneration report which forms part of the Directors’ Report of the Company for the financial year ended 30 June 2021 and which is set out in the Annual Report.

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

“**Right**” means a performance right issued under the EIP;

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

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

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

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

“**Trading Day**” means a day determined by ASX to be a trading day in accordance with the Listing Rules;

“**VWAP**” means volume weighted average price.

## ANNEXURE 1 – TERMS OF PERFORMANCE RIGHTS

### 1. Interpretation

- 1.1. **ASX** means ASX Limited (ACN 008 624 691);
- 1.2. **Board** means the board of directors of the Company;
- 1.3. **Business Day** means a day not being a Saturday, Sunday or public holiday, on which banks are generally open for business in Victoria;
- 1.4. **Corporations Act** means the Corporations Act 2001 (Cth) as amended from time;
- 1.5. **Employee Incentive Plan** means the Company's Employee Incentive Plan and the Employee Incentive Plan Rules approved by the Company's shareholders in November 2018
- 1.6. **Listing Rules** means the official listing rules of the ASX;
- 1.7. **Official List** has the meaning given to that term in the Listing Rules;
- 1.8. **Right and Rights** means the performance rights to be issued to the holder on the terms detailed in these Terms of Performance Rights;
- 1.9. **Quotation** has the meaning given to that term in the Listing Rules;
- 1.10. **Shareholder and Shareholders** means a person who owns shares in the capital of the Company, notwithstanding that those shares may not be fully paid;
- 1.11. **Shares** means fully paid ordinary shares in the capital of the Company;
- 1.12. **Vested Right** means a Right for which the Vesting Conditions have been satisfied, but which has not yet been exercised; and
- 1.13. **Vesting Conditions** means the conditions set out in paragraph 10, which must be satisfied before a Right can be exercised.

Any capitalised term in these Terms not otherwise defined herein has the same meaning as in the Employee Incentive Plan.

### Terms of Rights

#### 2. Entitlement

- 2.1. Each Right entitles the Holder to be issued one ordinary Share in the capital of the Company, upon the satisfaction of the Vesting Conditions.
- 2.2. Shares issued on the exercise of Rights will rank equally with all existing Shares on issue, as at the exercise date, and will be subject to the provisions of the Constitution of the Company and any escrow restrictions imposed on them by the ASX.

#### 3. Exercise of Rights

- 3.1. The Rights are exercisable at any time after they have vested in accordance with the Vesting Conditions.
- 3.2. The final date and time for exercise of the Rights is 5.00 pm on 31 December 2026. If such date falls on a day that is not a Business Day, the final date will be the next Business Day.
- 3.3. The Rights have a nil Exercise Price.
- 3.4. Each Right is exercisable by the Holder signing and delivering a notice of exercise of Right to the Company's share registry.
- 3.5. All unvested Rights will lapse on the earliest of the following times:
  - (a) receipt by the Company of notice from the Holder that the Holder has elected to surrender the Rights;
  - (b) expiry of the final date and time for exercise of the Rights as set out in paragraph 3.2;
  - (c) unless otherwise determined by the Board, the termination of the Holder's engagement with the Company in circumstances which the Board considers to involve fraud, dishonesty or other serious misconduct which would constitute sufficient cause for an employer to dismiss an employee without notice; or
  - (d) unless otherwise determined by the Board, the expiration of 30 days after termination of the Holder's engagement with the Company for any other reason other than those detailed in paragraph 3.5(c).
- 3.6. All vested Rights which have not been exercised will lapse on the earliest of the following times:
  - (a) receipt by the Company of notice from the Holder that the Holder has elected to surrender the Rights;
  - (b) expiry of the final date and time for exercise of the Rights as set out in paragraph 3.2;
  - (c) unless otherwise determined by the Board, the termination of the Holder's engagement with the Company in circumstances which the Board considers to involve fraud, dishonesty or other serious misconduct which would constitute sufficient cause for an employer to dismiss an employee without notice; or
  - (d) unless otherwise determined by the Board, the expiration of six calendar months after termination of the Holder's engagement with the Company for any other reason other than those detailed in paragraph 3.6(c).
- 3.7. In the event of liquidation of the Company, all unexercised Rights will lapse.

#### 4. Quotation

- 4.1. The Company will not apply to the ASX for official quotation of the Rights.

- 4.2. If the Shares of the Company are quoted on the ASX, the Company will apply to the ASX for, and will use its best endeavours to obtain, quotation of all Shares issued on the exercise of any Rights within 10 business days (as defined in the Listing Rules) of issue. The Company gives no assurance that such quotation will be granted.

#### 5. Participation in Securities Issues

Subject to the provisions of the Employee Incentive Plan, the holder is not entitled to participate in new issues of securities without exercising the Rights.

#### 6. Transfers not permitted

The Rights are not transferable.

#### 7. Notices

Notices may be given by the Company to the Holder in the manner prescribed by the Constitution of the Company for the giving of notices to Shareholders and the relevant provisions of the Constitution of the Company will apply with all necessary modification to notices to be given to the Holder.

#### 8. Vesting Conditions

- 8.1. The Rights shall be issued in five tranches with each tranche having:
- (a) A target market share price vesting condition (**Price Vesting Condition**); and
  - (b) A continuous service condition (**Service Vesting Condition**).
- 8.2. Rights in a tranche will vest only when the Price Vesting Condition and the Service Vesting Condition have been satisfied.
- 8.3. The Price Vesting Condition will be satisfied for a tranche if the Company's closing ASX share price equals or exceeds the Target Market Share Price specified for that tranche on 10 days in any period of 20 consecutive ASX trading days.
- (a) The Target Market Share Price for each tranche is specified in the table in paragraph 8.5.
- 8.4. The Service Vesting Condition will be satisfied for a tranche if the Holder is continually employed by the Company, or continually serves as a Director of the Company, or both, from the date that the Rights are granted to the Holder to the Service Condition Date specified for that tranche.
- (a) The Service Condition Date for each tranche is specified in the table in paragraph 8.5.
- 8.5. The Target Market Share Price and Service Condition Date for each tranche are specified in the following table:

| Tranche number: | Target Market Share Price (\$A) | Service Condition Date |
|-----------------|---------------------------------|------------------------|
| Tranche 1       | \$1.35                          | 31 December 2020       |
| Tranche 2       | \$1.65                          | 31 December 2021       |
| Tranche 3       | \$1.95                          | 31 December 2022       |
| Tranche 4       | \$2.25                          | 31 December 2023       |
| Tranche 5       | \$2.55                          | 31 December 2024       |

- 8.6. For the avoidance of doubt, where, for a particular tranche:
- (a) the Price Vesting Condition has been satisfied at any time; and
  - (b) the Service Vesting Condition has been satisfied at any time
- the Rights in that tranche will vest, notwithstanding that the Price Vesting Condition and Service Vesting Condition may not have been satisfied simultaneously.



Lark Distilling Co.

#### All Correspondence to:

- By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
- By Fax:** +61 2 9290 9655
- Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)
- By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10.00AM (AEDT) on Saturday, 27 November 2021.**

### TO VOTE ONLINE

### BY SMARTPHONE

**STEP 1: VISIT** <https://www.votingonline.com.au/lrkagm2021>

**STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**

**STEP 3: Enter your Voting Access Code (VAC):**



Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

##### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities 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.
- return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

##### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore 10.00AM (AEDT) on Saturday, 27 November 2021. Any Proxy Form received after that time will not be valid for the scheduled meeting

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

**Online** <https://www.votingonline.com.au/lrkagm2021>

**By Fax** + 61 2 9290 9655

**By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia

**In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia

☐ **Your Address**

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

**Please note, you cannot change ownership of your securities using this form.**

**PROXY FORM****STEP 1 APPOINT A PROXY**

I/We being a member/s of **Lark Distilling Co. Ltd** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting** (mark box)

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held **virtually on Monday, 29 November 2021 at 10.00am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1 & 3-7; I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1 & 3-7 may or may not be connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1 & 3-7). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

**STEP 2 VOTING DIRECTIONS**

\* 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 vote will not be counted in calculating the required majority if a poll is called.

|                  |   | FOR                      | AGAINST                  | ABSTAIN*                 |                  |   | FOR                      | AGAINST                  | ABSTAIN*                 |
|------------------|---|--------------------------|--------------------------|--------------------------|------------------|---|--------------------------|--------------------------|--------------------------|
| <b>Res 1</b>     | Adoption of Remuneration Report   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <b>Res 6 (c)</b> | Participation in Share Placement by Director – Mr Warren Randall (or his nominee) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Res 2</b>     | Re-election of Mr David Dearie as a Director of the Company                         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <b>Res 6 (d)</b> | Participation in Share Placement by Director – Ms Laura McBain (or her nominee)   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Res 3</b>     | Approval to grant 75,000 Performance Rights to Mr Geoff Bainbridge (or his Nominee) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <b>Res 7</b>     | Approval of issue of 306,360 Shares   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Res 4</b>     | Approval to grant 90,000 Performance Rights to Ms Laura McBain (or her Nominee)     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |                  |   |                          |                          |                          |
| <b>Res 5</b>     | Ratification of Prior Issue of Fully Paid Ordinary Shares                           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |                  |   |                          |                          |                          |
| <b>Res 6 (a)</b> | Participation in Share Placement by Director – Mr Geoff Bainbridge (or his nominee) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |                  |   |                          |                          |                          |
| <b>Res 6 (b)</b> | Participation in Share Placement by Director – Mr David Dearie (or his nominee)     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |                  |   |                          |                          |                          |

**STEP 3 SIGNATURE OF SECURITYHOLDERS**

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2021