



**ASX ANNOUNCEMENT**

**FOR IMMEDIATE RELEASE TO THE MARKET**

**PPK Group Limited – ASX Code: PPK**

**Friday 29 April 2022**

**Notice of Extraordinary General Meeting**

PPK Group Limited (ASX Code: PPK) is pleased to provide a Notice of Extraordinary General Meeting to be held as a fully virtual meeting on Tuesday 31 May 2021.

The purpose of the meeting is to consider a capital reduction in PPK Group Limited resulting from the proposed demerger of PPK Mining Equipment Group Pty Limited.

This announcement has been made and authorised by the PPK Group Board.

For further information contact:

**Robin Levison**

Executive Chairman of PPK Group Limited

On 07 3054 4500

**PPK GROUP LIMITED**

ABN: 65 003 964 181

Level 27, 10 Eagle St, Brisbane QLD 4000

GPO Box 754, Brisbane Qld 4001

Tel: +61 7 3054 4500 Fax: +61 7 3054 4599



PPK Group Limited  
ACN 003 964 181

## Notice of Extraordinary General Meeting and Explanatory Statement

To consider a Capital Reduction in PPK Group Limited resulting from the proposed demerger of PPK Mining Equipment Group Pty Limited

**THIS IS AN IMPORTANT DOCUMENT  
AND REQUIRES YOUR ATTENTION**

This Notice of Meeting and the accompanying Explanatory Statement should be read in their entirety.

If, as a Shareholder, you are in doubt as to the course you should follow, please consult your financial or professional adviser prior to voting.

## NOTICE OF EXTRAORDINARY GENERAL MEETING

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NOTICE is given that a General Meeting of PPK Group Limited will be held at 10:00am (Brisbane time) on **Tuesday 31 May 2022**.

### IMPORTANT INFORMATION ABOUT THE ANNUAL GENERAL MEETING

Given uncertainty due to the COVID-19 pandemic and the possibility that attendance at a physical meeting may be restricted, the Board has recently resolved to rely on the temporary ASIC relief so that the General Meeting will be conducted as a fully virtual meeting, accessible through an online meeting platform powered by Computershare. There will not be a physical venue for Shareholders to attend. Shareholders will be able to watch, listen and vote online at the virtual meeting.

To allow Shareholders to participate in the General Meeting, Shareholders can attend virtually using the Computershare online platform. Shareholders will be able to watch and listen to the proceedings, view the presentations, ask questions of the Board, and vote in real-time using their computer, mobile phone or other device.

Shareholders are also encouraged to submit questions to the Company in advance of the meeting. Questions submitted to the Company must relate to the resolutions to be considered at the meeting and must be submitted by email to the Company Secretary at [co.sec@ppkgroup.com.au](mailto:co.sec@ppkgroup.com.au). All such questions for the Company must be received by the Company no later than 2pm (Brisbane time) on **Friday 27 May 2022**. The Auditor of the Company will not be in attendance at the Meeting.

Details on how the virtual meeting can be accessed are set out in the online meeting guide accessible at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide).

The Meeting link is: <https://meetnow.global/MUDMCU9>

### POSTPONEMENT / ADJOURNMENT / FUTURE ALTERNATIVE ARRANGEMENTS

Technical difficulties may arise during the course of the General Meeting. The Chairman has discretion as to whether, and how, the General Meeting should proceed in the event that this happens. In exercising his discretion, the Chairman will have regard to the number of Shareholders impacted and the extent to which participation in the business of the General Meeting is affected.

Where he considers it appropriate, the Chairman may continue to hold the General Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, Shareholders are encouraged to lodge a proxy by no later than 48 hours prior to the General Meeting, even if they plan to attend online.

In the event of the need to postpone or adjourn the General Meeting, the Company will provide an update on the ASX platform and via its website at [www.ppkgroup.com.au](http://www.ppkgroup.com.au).

## **ITEMS OF BUSINESS**

For further information on the items of business and the Transaction generally, see the 'Background' commentary in Section 1 below.

### **RESOLUTION 1 – APPROVAL FOR AN EQUAL REDUCTION OF CAPITAL**

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

“That, for the purposes of Sections 256B and 256C of the Corporations Act and for all other purposes, approval is given for:

- (a) the issued share capital of PPK Group Limited to be reduced by an amount equal to the value of 75,279,018 shares the Company holds in PPK Mining Equipment Group Limited (PPKMEG), valued at \$13,490,000; and
- (b) the reduction of share capital be satisfied by the Company making a pro rata in-specie distribution of PPKMEG shares to all eligible holders of the Company's Shares at the Record Date,

on the terms and conditions set out in the Explanatory Statement.”

### **VOTING EXCLUSIONS**

There are no voting exclusions for Resolution 1.

Dated at Brisbane, on the 29th day of April 2022.

**By order of the Board**

**Will Shiel**  
**Company Secretary**

## **SHAREHOLDERS WHO ARE ENTITLED TO VOTE**

In accordance with the Corporations Act, the Directors have determined that a person's entitlement to vote at the meeting will be the entitlement of that person set out in the register of members as at 48 hours prior to the General Meeting.

Voting on Resolution 1 will be conducted by a poll.

As Resolution 1 is an ordinary resolution, it will only be passed if more than 50% of votes are cast in favour of the resolution.

Shareholders may vote at the General Meeting in one of two ways:

- in advance of the General Meeting, by appointing a proxy (preferably the Chairman) no later than 48 hours prior to the General Meeting. The Company recommends that Shareholders do this in case of technical difficulties at the General Meeting; or
- live and online during the General Meeting, using the Computershare platform.

## **PROXIES:**

- Shareholders wishing to appoint a proxy are encouraged to do so electronically by following the steps set out on the Proxy Form attached.
- A Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy or not more than two proxies to attend and vote instead of the Shareholder.
- Where two proxies are appointed:
  - (i) a separate Proxy Form, should be used to appoint each proxy; and
  - (ii) the Proxy Form may specify the proportion, or the number, of votes that the proxy may exercise, and if it does not do so the proxy may exercise half of the votes.
- A Shareholder can appoint any other person to be their proxy. A proxy need not be a Shareholder of the Company. The proxy appointed can be described in the Proxy Form by an office held e.g. "the Chair of the Meeting".
- If a Shareholder's appointed proxy does not attend the General Meeting, then the proxy appointment will automatically default to the Chairman. In addition, any directed proxy appointments that do not vote on a poll will automatically default to the Chairman, who is required to exercise the relevant votes as directed on the poll (subject to any applicable voting exclusions).
- In the case of Shareholders who are individuals, the Proxy Form must be signed:
  - (i) if the Shares are held by one individual, by that Shareholder; or
  - (ii) if the Shares are held in joint names, by any one of them.
- In the case of Shareholders who are companies, the Proxy Form must be signed:
  - (i) if it has a sole director who is also sole secretary, by that director (and stating the fact next to, or under the signature on the Proxy Form); or
  - (ii) in the case of any other company by either two directors or a director and secretary.The use of the common seal of the company, in addition to those required signatures, is optional.
- If the person signing the Proxy Form is doing so under a power of attorney, or is an officer of a company outside those referred to above but authorised to sign the Proxy Form, the power of attorney or other authorisation (or a certified copy of it), as well as the Proxy Form, must be received by the Company by the time and at the place specified below.

- A Proxy Form accompanies this Notice. To be effective, your proxy must be received by the Company no later than 10:00am (Brisbane time) on **Sunday 29 May 2022**. Proxy forms and appointments received later than the above time will be invalid.

You may make your proxy appointment on-line at [www.investorvote.com.au](http://www.investorvote.com.au).

If you have any problems accessing the on-line service, please contact the Company's Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

Alternatively, you may complete and sign a proxy form and return by:

- (a) mail to:

Computershare Investor Services Pty Limited.  
GPO Box 242  
Melbourne Victoria 3001  
Australia

- (b) facsimile : on 1 800 783 447 (within Australia) or +61 3 9473 2555 (from outside of Australia).

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com).

## EXPLANATORY STATEMENT

This Explanatory Statement forms part of the Notice of Meeting and has been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the General Meeting, namely Resolution 1. All capitalised terms have the meanings given in the glossary.

### **1 BACKGROUND**

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As previously communicated to Shareholders, the Directors of the Company wish to demerge PPKMEG and its subsidiaries. Such demerger would be achieved by implementing the proposed Transaction.

Shareholders are asked to consider Resolution 1 to enable the demerger to occur.

#### **1.1 Proposed Transaction**

The consequence of Resolution 1 being approved is that the proposed Transaction would be enabled to occur, pursuant to a Capital Reduction and an In-Specie Dividend. The Company would implement the proposed Transaction by way of an in-specie distribution of PPKMEG shares held by the Company. The distribution would be made to Shareholders in the Company (other than Foreign Shareholders, as discussed below) on the Record Date.

At the date of this Notice, there are 89,289,293 Shares on issue in the Company. Assuming the same number of Shares are on issue on the Record Date, the formula for the distribution of an equal number of PPKMEG shares would be:

- in respect of the In-Specie Dividend: 14,010,275 shares in PPKMEG at a value of \$2,510,000; and
- in respect of the Capital Reduction: 75,279,018 shares in PPKMEG at a value of \$13,490,000.

If Resolution 1 is not passed the proposed Transaction will not proceed.

#### **1.2 Operations of the Company following approval of Resolution 1**

The consequence of the proposed Transaction being implemented is that the operations of PPKMEG and its subsidiaries would be demerged from those of the Company.

The Company's principal activities are the development and commercialisation of new technologies in the following areas.

- Manufacturing high grade boron nitride nanotubes (BNNT) to supply to select industries to further research and development into the blending or infusing of BNNT into conventional materials.
- Investment in and enhancement of selected BNNT product applications, such as lithium sulphur battery products (Li-S Energy Limited and Zeta Energy LLC), ballistic protection systems (Ballistics Glass Pty Ltd), precious metals (BNNT Precious Metals Limited), aluminium and other metals (Strategic Alloys Pty Ltd), dental applications (3D Dental Technology Pty Ltd) and graphene (White Graphene Limited).
- Investing in new technologies where the Company can use its experience to commercialise and enhance equity returns (Craig International Ballistics Pty Ltd, Advanced Mobility Analytics Group Pty Ltd and Survivon Limited).

### 1.3 Indicative Timetable

PPKMEG expected to convert to a public company	On or before 30 May 2022
General Meeting to approve the Capital Reduction	31 May 2022
ASX informed of Shareholder approval	31 May 2022
'Effective Date' of Capital Reduction under the ASX Listing Rules	1 June 2022
Last day for trading in "cum return of capital"	2 June 2022
Date on which trading in the re-organised securities on an "ex return of capital" basis commences	3 June 2022
Record Date	6 June 2022
Distribution of PPKMEG shares in respect of the Capital Reduction	29 June 2022
Distribution of PPKMEG shares in respect of the In-Specie Dividend	29 June 2022
Bookbuild opens for disposal of PPKMEG shares held by Foreign Shareholders	30 June 2022

## 2 CAPITAL REDUCTION

### 2.1 General

The Company seeks Shareholder approval under Resolution 1 to enable the Company to reduce its capital. If approved, this will be conducted by the distribution to Shareholders of 75,279,018 of the Company's shares in PPKMEG. If Resolution 1 is approved, the remaining 14,010,275 shares in PPKMEG held by the Company will be distributed to Shareholders by way of the In-Specie Dividend.

Resolution 1 is an ordinary resolution. The Chairman intends to exercise all available proxies in favour of Resolution 1.

The Corporations Act and the ASX Listing Rules set out the procedure and timing for a capital reduction. The Capital Reduction will become effective on the 'Effective Date' set out in section 1.3 above, provided that the Directors have not provided a notice to ASX stating that the Company does not intend to proceed with the Capital Reduction.

If the Capital Reduction proceeds, the Company will distribute to Shareholders a pro rata number of PPKMEG shares and each Shareholder's name will be entered on the register of members of PPKMEG with each Shareholder having been deemed to have consented to becoming a PPKMEG shareholder and being bound by its constitution.

The number of PPKMEG shares to be received by a Shareholder will be based on the number of Shares held in the Company by that Shareholder at the Record Date.

At the date of this Notice, there are 89,289,293 Shares on issue in the Company. Assuming no Shares are issued by the Company prior to the Record Date, the distribution ratio for the Transaction will be one for one (1:1).

### 2.2 Requirements under sections 256B & 256C of the Corporations Act

The proposed Capital Reduction is an equal capital reduction.

Under Section 256B of the Corporations Act, the Company may only reduce its capital if it:

- (a) is fair and reasonable to Shareholders as a whole;
- (b) does not materially prejudice the Company's ability to pay its creditors; and
- (c) is approved by Shareholders in accordance with Section 256C of the Corporations Act.

For the reasons set out in this Explanatory Statement, the Directors have recently resolved that the Capital Reduction is fair and reasonable to Shareholders as a whole and does not materially prejudice the Company's ability to pay its creditors. Under the Capital Reduction, each Shareholder is treated equally and in the same manner since the terms of the Capital Reduction are the same for each Shareholder. The Capital Reduction is on a pro rata basis, and the proportionate ownership interest of each Shareholder remains the same before and after the Transaction. Further, the Directors consider that the Capital Reduction will not result in the Company being insolvent at the time or after the Capital Reduction.

The sole exception to the above statement relates to Shareholders who reside in countries other than Australia or New Zealand (**Foreign Shareholders**). Shares in PPKMEG that are distributed to Foreign Shareholders and would otherwise have been held by each Foreign Shareholder will instead be sold by a sales agent appointed by the Company. The appointed sales agent will hold a financial services licence. The directors expect that the sales agent will be Finexia Securities Limited ACN 608 667 778 (AFSL number: 685760). The sales agent will be instructed by the Company to sell the shares on the best terms possible within 14 days of the Capital Reduction. All proceeds of the sale of such shares, will be paid to such Foreign Shareholders and the Company will cover the respective brokerage costs.

In accordance with the Corporations Act:

- (a) the proposed reduction is an equal reduction and requires approval by an ordinary resolution passed at a general meeting of Shareholders;
- (b) this Explanatory Statement and previous ASX announcements set out all information known to the Company that is material to the decision on how to vote on Resolution 1; and
- (c) the Company has lodged with ASIC a copy of this Notice of Meeting and accompanying documentation.

Under the Corporations Act, an offer of securities generally requires disclosure to investors through a disclosure document, typically in the form of a prospectus. On 20 April 2022, ASIC notified the Company that it had provided relief from the requirement to issue a prospectus and in this respect the Company relies on the information in this Notice of Meeting (including the Explanatory Statement). There is no information known to the Company that is material to the decision by a Shareholder on how to vote on the Resolution other than as disclosed in this Notice and Explanatory Memorandum and information that the Company has previously disclosed to Shareholders.

### **2.3 ASX Listing Rules**

ASX Listing Rule 7.17 provides in part that a listed entity, in offering shareholders an entitlement to securities, must offer those securities pro rata or in such other way as, in the ASX's opinion, is fair in all the circumstances. In addition, there must be no restriction on the number of securities which a shareholder holds before this entitlement accrues. The distribution of PPKMEG shares proposed by Resolution 1, satisfies the requirements of ASX Listing Rule 7.17 because the distribution of PPKMEG shares is being made to Shareholders on a pro rata basis, and there is no restriction on the number of Shares in the Company a Shareholder must hold before the entitlement to the shares in PPKMEG accrues. However, as noted above, Foreign Shareholders are unable to hold the PPKMEG shares.

On 30 March 2022, ASX notified the Company that it had formed the view that Listing Rules 11.1, 11.2 and 11.4 do not apply to the proposed Transaction.

Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this document.

### **3 INFORMATION REGARDING PPKMEG**

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#### **3.1 Background to PPKMEG's business operations**

PPKMEG is currently an unlisted Australian proprietary company which via its various subsidiaries owns and operates the mining services business described below. It is anticipated that PPKMEG will have converted to an unlisted public company by the time the Meeting is held. The structure of PPKMEG and its subsidiaries at the date of this Notice is set out in Schedule 4.

The PPKMEG business has been in operation for more than 10 years and is a key provider of mining equipment and services to the Hunter Valley and Illawarra underground coal mines. PPKMEG has been a wholly owned subsidiary of the Company since January 2014, and was purchased following a change in strategy to focus on the underground coal mining services sector following the appointment of a new Company Executive Chairman on 22 October 2013.

PPKMEG operates in the following three NSW service branches and employs approximately 140 employees at these locations:

- ▶ a state of the art assembly/manufacturing facility in Tomago;
- ▶ a workshop facility in Port Kembla; and
- ▶ a workshop/repair facility in Mt Thorley.

PPKMEG manufactures the CoalTram LHD (Load, Haul, Dump) utility vehicle, the only Tier 3 certified electronic engine management system in the underground coal market which was first launched in 2009. It has recently released a battery vehicle prototype for underground coal transportation of up to 12 mine workers and will further develop this for the underground coal industry. It has the rights to a wall-flow ceramic filter that is considered one of the most efficient and effective filters in the underground coal industry and which is currently undergoing testing as an explosion proof filter for use on the CoalTram and other underground machinery.

PPKMEG also sells, repairs and hires a range of underground mining products under the Firefly, Rambor and King Cobra brands including pneumatic and hydraulic roof bolters, rock drills, rib strapping, mesh munchers, snapjacks, grout mixers, pumps, fans and ancillary products for the underground coal mining and tunnelling industry globally. PPKMEG also manufactures and sells a leading flame-proof alternator.

PPKMEG is currently negotiating a binding conditional agreement to acquire certain assets from another leading mining services company. If this transaction is signed and completes, it will strengthen PPKMEG's OEM position in New South Wales, as well as providing a strategic foothold in Queensland. As part of this transaction, PPKMEG would also offer employment to certain employees of that mining services company. The purchase price and related costs for the acquisition of those assets is expected to be between \$9-10 million and would be 100% debt funded by PPKMEG. PPKMEG would also be liable for certain accruals and entitlements of those employees accepting employment with PPKMEG and the potential liability for this is currently estimated to be slightly greater than \$1,000,000.

In addition to increasing its geographic reach, acquiring these assets is expected to give PPKMEG a larger customer base and greater servicing capabilities in the underground coal mining sector.

Given a number of factors including PPKMEG's increasing scale as a provider of OEM mining equipment and services, expansion directly into new geographic regions, imminent conversion into a public company, an increased labour force, the nature of the industry and the regulatory requirements, the Directors of the Company believe that PPKMEG needs to have its own dedicated board and management team, while maintaining sufficient continuity in the short to medium term.

### 3.2 Strategy

The primary long-term objective of PPKMEG is to improve current economic returns and create shareholder value through:

- (a) continuing to provide its existing equipment and services for the underground coal industry in the Hunter Valley and Illawarra regions and by expansion into Queensland markets;
- (b) obtaining sales of:
  - CoalTrams with new feature enhancements;
  - the newly developed 12 seat battery electric personnel vehicle;
  - ceramic wall-flow filters; and
  - new equipment designed and built by PPKMEG
- (c) expanding equipment sales and services into existing and new international markets; and
- (d) positioning itself for opportunistic acquisitions in compatible businesses as and when presented.

### 3.3 Board of PPKMEG

Consistent with the size of PPKMEG and its activities, immediately after implementation of the Transaction, the PPKMEG Board will comprise three directors: Mr Levison, who will be a Non-Executive Director and Chairman, Mr McNamara who will be an Executive Director and one further Non-Executive Director expected to be appointed before the end of the financial year. If the proposed Transaction proceeds, Mr McNamara proposes to tender his resignation as a director of the Company to focus on PPKMEG. Mr McDonald expects to remain a director of PPKMEG solely until the new Non-Executive Director is appointed.

**Robin Levison** CA MBA F.A.I.C.D. (Age 63)

**Non-Executive Director and Chairman**

*Member of the PPK Group Limited Board since 22 October 2013 and Executive Chairman since 28 February 2016.*

*Robin Levison has over 20 years of public company management and board experience. During this time, he has served as Managing Director at Industrea Limited and Spectrum Resources Limited and held senior roles at KPMG, Barclays Bank and Merrill Lynch. He is a Non-Executive Director of a number of the Company's related companies including Li-S Energy Limited (ASX:LIS), White Graphene Limited, BNNT Technology Limited, 3D Dental Technology Pty Limited, BNNT Precious Metals Limited, Ballistic Glass Pty Ltd, Strategic Alloys Pty Ltd, Craig International Ballistics Pty Ltd, Survivon Limited and AMAG Holdings Australia Pty Ltd. He is also the Non-Executive Chairman of Mighty Craft Limited, an ASX listed company (ASX:MCL).*

*Robin holds a Masters of Business Administration from the University of Queensland, is a Member of the Institute of Chartered Accountants Australia and NZ and is a Graduate and Fellow of Australian Institute of Company Directors. Robin recently retired as Chair of the University of Queensland Business, Economics and Law Alumni Ambassador Council.*

**Dale McNamara** (Age 63)

**Executive Director**

Member of the PPK Group Limited Board since 30 April 2015.

*Dale McNamara first joined the Company in an executive capacity in late 2013 and has more than 30 years of experience in operational and management roles in the coal mining industry in Australia and China.*

*Dale founded Wadam Industries, a subsidiary of Industree Ltd, and was its Managing Director and appointed as Deputy Chief Executive Officer of Industree in 2009. Following the takeover of Industree in November 2012, Dale assumed the position of Global Director, Mining with the new owner.*

*At the completion of the Transaction, Dale will act as an Executive Director of PPKMEG but resign as a Director of the Company.*

**Anthony John McDonald** (Age 63)

**Non-Executive Director**

Member of the PPK Group Limited Board since 13 September 2017.

*Tony McDonald graduated with a Bachelor of Laws from the Queensland University of Technology in 1981 and was admitted as a solicitor in 1981. He has been involved in the natural resource sector for many years both within Australia and internationally and for the past 19 years has held senior management roles in this sector. He is a Non-Executive Director of a number of PPK's related companies including Li-S Energy Limited, White Graphene Limited and Strategic Alloys Pty Ltd. Mr McDonald expects to step down as a director of PPKMEG prior to the Demerger Implementation Date.*

As previously disclosed by the Company, both Mr Levison and Mr McNamara are shareholders in the Company, and subject to the successful implementation of the Transaction, will become and intend to remain shareholders in PPKMEG. The Board of the Company and the PPKMEG Board have concluded that Mr Levison becoming a shareholder in PPKMEG due to his existing shareholding in the Company does not interfere with or compromise his ability to exercise objective or independent judgement in relation to the Company or PPKMEG. The Board of the Company and the PPKMEG Board also each believe that:

- Mr Levison's involvement as a director and shareholder of each company will represent an important point of continuity for the newly independent and public PPKMEG; and
- Mr McDonald's short term involvement as a director and shareholder of each company until a new Non-Executive Director is appointed to PPKMEG will have no effect on his ability to act independently and exercise independent judgment.

### **3.4 Roles and responsibilities of the PPKMEG Board**

The PPKMEG Board will be responsible for governance of PPKMEG and all matters relating to the running and operations of PPKMEG. The PPKMEG Board will act in the best interests of PPKMEG as a whole and, with the exception of Mr Levison as noted above and the Corporate Services support discussed below, will have no day-to-day connection with the Company. The PPKMEG Board will make determinations as to the appropriate remuneration of directors and key management personnel within a reasonable period after the Demerger Implementation Date.

The primary role of the PPKMEG Board will be the improvement of medium-term economic returns and the protection and enhancement of long-term shareholder value. The PPKMEG Board will be accountable to its shareholders for the performance of PPKMEG, will direct and monitor the business and affairs of PPKMEG, and will be responsible for PPKMEG's overall corporate governance. The Company will have no ongoing shareholding in PPKMEG and the PPKMEG Board will not be accountable to the Company.

The PPKMEG Board's meetings and proceedings will be governed by the PPKMEG constitution (discussed below) and the Corporations Act.

### **3.5 Management structure & key management personnel**

The Company understands that the PPKMEG Board will conduct a full evaluation of the management structure of the PPKMEG after the Demerger Implementation Date. In particular, if the transaction noted in Section 3.1 above is signed and proceeds to completion, it is expected to result in the addition of a number of skilled and experienced individuals.

In the short to medium term, this management structure will be supplemented by the Corporate Services discussed further in Section 3.7 below.

### **3.6 Deeds of Indemnity, Insurance and Access**

Subject to and so far as permitted by the Corporations Act and any other applicable law, PPKMEG will indemnify directors and officers (and, if determined by the PPKMEG Board, auditors) of PPKMEG against all losses or liabilities incurred by that person as a director, officer or auditor of PPKMEG or of a Related Body Corporate. The indemnity in favour of officers is a continuing indemnity will apply in respect of all acts done by a person while an officer of PPKMEG (or one of its wholly owned subsidiaries) even though that person is not an officer at the time the claim is made.

PPKMEG may, to the extent permitted by law, purchase and maintain insurance or pay, or agree to pay, a premium for insurance for each director or officer (or, if determined by the PPKMEG Board, auditors) of PPKMEG against any liability incurred by that person as a director, officer or auditor of PPKMEG or of a related body corporate, including but not limited to, liability for negligence or for reasonable legal costs incurred in defending a proceeding brought against that person.

On and from the Demerger Implementation Date, PPKMEG will be solely responsible for obtaining and maintaining insurance for the PPKMEG business. The Company will use reasonable endeavours to ensure that all insurances required for PPKMEG post-demerger will be procured on behalf of PPKMEG and PPKMEG will be fully insured at the time of the demerger.

Neither the Company nor PPKMEG will have any right to make a claim against the other in respect of any liability arising in relation to the demerger, the operation of the PPK business (in the case of the Company), the operation of PPKMEG or the transfer or extinguishment of any assets or liabilities contemplated by the demerger (in the case of PPKMEG), unless expressly permitted by the transitional services agreement detailed below, or any other agreement between the Company and PPKMEG.

### **3.7 Corporate Services support for PPKMEG**

The Company remains highly committed to PPKMEG operating a successful and profitable business in the future.

If Resolution 1 is approved by Shareholders, and PPKMEG demerges from the Company, it is anticipated that the newly independent and public PPKMEG will need certain professional assistance in the short-to-medium term. The Company will offer support to PPKMEG in the required areas, by entering into a transitional services agreement on an arm's length basis.

It is expected that this agreement will provide for the supply to PPKMEG of required corporate services support, such as IT, legal and company secretarial, payroll, accounts payable and finance administration (**Corporate Services**). The Company expects to charge PPKMEG a reasonable monthly fee to reflect those Corporate Services and that either party will be able to terminate the agreement on three months' written notice. The agreement will be reviewed every three months and the parties will have the opportunity to increase or reduce the scope of the Corporate Services (and the accompanying charges).

Given the high degree of separation and independence between the companies, it is expected that matters in which the interests of the Company and PPKMEG will conflict or potentially conflict, and thereby give rise to potential conflicts for Mr Levison (and briefly Mr McDonald) as common directors to both companies' boards, will be limited to matters and/or disputes arising under the transitional services agreement. Should matters or disputes arise under this agreement, it is expected that the Company's Board and the PPKMEG Board will delegate to a non-executive director of their respective companies, all powers, authorities and discretions in relation to such matters and disputes and resolving them. Each of the Company and PPKMEG will be separately advised in relation to all matters relating to the transitional services agreement.

### **3.8 Material contracts**

Set out below is a non-exhaustive summary of the key terms of PPKMEG's material contracts.

- (a) A finance facility up to a maximum of \$4,000,000 from the National Australia Bank (**NAB**), secured against the debtors of PPKMEG and its subsidiaries and a guarantee and indemnity from PPKMEG and its subsidiaries. The Company has provided a guarantee and indemnity to NAB until the expiry of the current facility.
- (b) A loan agreement with the Company for \$2,000,000 reflecting funding previously provided by the Company to PPKMEG and its subsidiaries. The loan is interest bearing but unsecured.
- (c) A Goods and Services Contract to supply spare parts and services to Illawarra Coal Holdings Pty Ltd (inclusive of the South32 coal mines) has been executed for an initial three-year period. It is due to expire on 6 October 2022 but may be extended by Illawarra Coal Holdings by up to two years through the exercise of two options each for one year. The agreement is comprehensive and sets out the prices and price increases for the term of the agreement and includes parts and equipment sales, overhaul and other services provided by PPKMEG.
- (d) A diesel equipment overhaul services framework agreement with Centennial Coal Company Limited (inclusive of the Centennial Coal mines) has been executed for an initial three year period. It is due to expire on 29 October 2022 but may be extended by Centennial by up to two years through the exercise of two options each for one year. The agreement is comprehensive and sets out the prices and price increases for the term of the agreement and includes parts and equipment sales, overhaul and other services provided by PPKMEG.
- (e) A lease facility for 26 motor vehicles in PPKMEG's fleet, with all leases expiring after June 2022. There is an existing lease guarantee and indemnity from the Company which will not apply to any future vehicles and will progressively cease on the expiry of each existing lease.
- (f) The lease for the land and building at 13B Punt Road, Tomago has recently been extended effective 1 August 2022 and will expire on 31 July 2027. The new rent payable will be \$103,417 (ex GST) per month plus outgoings with a minimum annual rental increase of 4% from 1 August 2022.
- (g) A lease for the land and building at 201 Old Port Road, Port Kembla has recently been extended effective 1 August 2022 and expires on 31 July 2027. The new rent payable will be \$42,992 (ex GST) per month plus outgoings with annual CPI rental increases from 31 July 2022.
- (h) PPKMEG would enter into two further leases for premises in Queensland if the transaction discussed in Section 3.1 above is signed and proceeds to completion.
- (i) PPKMEG has a contingent liability of \$594,000, being the rental arrears owing under an earlier version of the lease discussed in para (f) above. As a condition of the existing lease, the landlord has agreed to waive its right to recover the rent arrears if PPKMEG complies with all obligations and pays all amounts due and payable under the existing lease until

July 2022. To date, PPKMEG has complied with all obligations and paid all amounts due under the existing lease.

### **3.9 Working capital**

PPKMEG will emerge from the Transaction with \$2,000,000 of debt to the Company (in connection with the earlier financing provided by the Company) and with access to an existing \$4,000,000 finance facility from the NAB. PPKMEG may also carry an additional debt if the asset acquisition noted in Section 3.1 above is signed and proceeds to completion.

PPKMEG has applied for additional funding from NAB for \$4,000,000 for working capital purposes to support its business growth and a \$4,000,000 lease facility to refinance its fleet of vehicles and other operating equipment.

### **3.10 Taxation**

PPKMEG and its subsidiaries currently pay income tax as part of the Company's group taxation arrangements. At the Demerger Implementation Date, PPKMEG and its subsidiaries will exit the Company's Australian income tax consolidated group in a manner that achieves a "clear exit" for any past or future tax obligations that may arise in respect of periods that PPKMEG and its subsidiaries were members.

A decision will subsequently be made by the PPKMEG Board whether to form its own Australian income tax consolidated group. As a standalone group, the effective tax rate of PPKMEG and its subsidiaries may vary from what it would have been if it had remained part of the Company.

### **3.11 Dividend policy**

The PPKMEG dividend policy will be determined by the PPKMEG Board at its discretion after the Demerger Implementation Date, having regard to the status of PPKMEG's operations, balance sheet and forward looking strategy. It is anticipated by the Company that PPKMEG will not be in a position to pay any dividends in the near or medium term.

### **3.12 Other**

The Company and PPKMEG are not expected to be competitors of each other, given the former will focus on the technology business and the latter will continue to operate in the mining equipment and services business predominantly serving the underground coal industry.

## **4 INFORMATION CONCERNING PPKMEG SHARES**

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It is anticipated that PPKMEG will have converted to an unlisted public company by the time the Meeting is held. It will have 89,289,293 shares on issue, approximately 5,000 shareholders and a capital value of \$18,861,625 on the Demerger Implementation Date.

PPKMEG has a constitution, which gives shareholders rights that are summarized below.

*(a) General Meetings*

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the company.

Shareholders may requisition meetings in accordance with the Corporations Act and the constitution of the company.

*(b) Voting Rights*

Subject to the constitution and to any rights or restrictions attached to any shares or class of shares, at a general meeting:

- (i) on a show of hands, each member present has one vote;
- (ii) where a member has appointed two persons as proxies for that member, neither proxy may vote on a show of hands;
- (iii) where a person is entitled to vote in more than one capacity, that person is entitled only to one vote on a show of hands; and
- (iv) if the person appointed as proxy has two or more appointments that specify different ways to vote on a resolution, the proxy must not vote on a show of hands; and
- (v) on a poll, each member present:
  - (A) has one vote for each fully paid share held; and
  - (B) has for each share which is not fully paid a fraction of a vote equivalent to the proportion which the amount paid up, but not credited as paid up, on that share bears to the total of the amounts paid and payable (excluding amounts credited) on that share.

(c) *Dividend Rights*

The directors may:

- (i) pay any interim and final dividends that, in their judgment, the financial position of the company justifies;
- (ii) rescind a decision to pay a dividend if they decide, before the payment date, that the company's financial position no longer justifies the payment; and

pay any dividend required to be paid under the terms of issue of a share.

The company is not required to pay any interest on a dividend.

(d) *Capitalisation of Profits*

The directors:

- (i) may resolve to capitalise any sum, being the whole or a part of the amount for the time being standing to the credit of any reserve account or the profit and loss account or otherwise available for distribution to the members; and
- (ii) may, but need not, resolve to apply the sum in any of the ways mentioned in the relevant rule of the constitution, for the benefit of members in the proportions to which those members would have been entitled in a distribution of that sum by way of dividend.

(e) *Winding-Up*

Subject to the constitution and the terms of issue of any shares or class of shares:

- (a) if the company is wound up and the property of the company available for distribution among the members is more than sufficient to pay:
  - (i) all the debts and liabilities of the company; and
  - (ii) the costs, charges and expenses of the winding up,
  - (iii) the excess must be divided among the members in proportion to the number of shares held by them, irrespective of the amounts paid or credited as paid on the shares;
- (b) for the purpose of calculating the excess referred to above, any amount unpaid on a share is to be treated as property of the company;
- (c) the amount of the excess that would otherwise be distributed to the holder of a partly paid share under the relevant rule must be reduced by the amount unpaid on that share at the date of the distribution; and

- (d) if the effect of the reduction under the relevant rule would be to reduce the distribution to the holder of a partly paid share to a negative amount, the holder must contribute that amount to the company.

(f) *Transfer of Shares*

Subject to the constitution and to any restrictions attached to a member's shares, a member may transfer any of the member's shares by:

- (a) a Proper ASTC Transfer;
- (b) a written transfer in any usual form or in any other form approved by the directors;  
or
- (c) any other method permitted by the relevant law and approved by the directors.

Full details of the rights attaching to PPKMEG's shares are set out in the constitution, a copy of which is available on request.

## **5 PRINCIPAL ADVANTAGES AND DISADVANTAGES OF THE CAPITAL REDUCTION**

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### **5.1 Principal advantages**

- (a) Shareholders will continue to retain their current proportional ownership interest in the capital of the Company.
- (b) Shareholders will continue to retain their current proportional ownership interest in the mining services business, by acquiring an equal proportion of ownership in a new unlisted public company, PPKMEG.
- (c) Each of the Company and PPKMEG will operate separately and be able to focus on their own respective strategies and opportunities. Management time will be appropriately focused on driving the respective businesses and strategies.
- (d) Shareholders may elect to retain exposure to either one or both companies.

### **5.2 Principal disadvantages**

- (a) The Company will incur costs associated with the Capital Reduction and the Transaction generally, including, but not limited to legal, tax accounting and advisory fees incurred in the preparation of documentation and tax and accounting advice required to give effect to the distribution and separation of the businesses.
- (b) There is no guarantee that PPKMEG will be successful when operating separately to the Company and there is no guarantee that the PPKMEG shares will rise in value or that PPKMEG will pay dividends.
- (c) Shareholders may not wish to hold shares in an unlisted company (or a company with the objective and strategy of PPKMEG) and may not be able to readily dispose of those shares.
- (d) Shareholders may incur additional transaction costs if they wish and are able to dispose of their PPKMEG shares.
- (e) Some shareholders may be subject to adverse tax consequences and may need to seek their own tax advice (refer to Section 12 for general information regarding taxation)
- (f) There is no guarantee that the Company will be successful in its technology interests following disposal of the mining services business pursuant to the Transaction.
- (g) PPKMEG will require funding and, where it is able to access that, will incur ongoing administrative costs which in some instances may lead to duplication with similar costs incurred by the Company.

- (h) The capital value of the Company will be reduced following the Capital Reduction and as a result, the capital value of each Share in the Company held by Shareholders will be reduced.
- (i) Some, but not a significant amount of time, will be spent during the coming months by the Board giving effect to the Capital Reduction and in the Board and management of PPKMEG establishing operations.
- (j) As a result of the Transaction, the Company will forego any of the premium it might have received from a person seeking to acquire a controlling stake in PPKMEG.

## **6 EFFECT OF PROPOSED CAPITAL REDUCTION ON SHAREHOLDERS**

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### **6.1 Frequently asked questions**

- (a) *What will you receive?*

Subject to Shareholders approving Resolution 1, eligible Shareholders will receive a return from the Capital Reduction of \$0.1511 per Share plus an In-Specie Dividend of \$0.0281 per Share, both satisfied by way of the distribution of PPKMEG shares in proportion to the number of the Company's Shares held by that Shareholder at the Record Date. That represents a total value of \$0.1792 per Share.

Shareholders are not required to contribute any payment for the PPKMEG shares which they are entitled to receive 'fully paid' under the Capital Reduction and In-Specie Dividend.

- (b) *What is the impact on your shareholding in the Company?*

The number of Shares in the Company that you hold will not change as a result of the Capital Reduction.

However, if the Capital Reduction proceeds the value of your Shares in the Company will be less than the value they held prior to the Capital Reduction due to the removal of the PPKMEG shares from the Company's assets. The value of the reduction is equal to the total value of the PPKMEG shares which will be distributed to Shareholders. The PPKMEG shares have been valued at \$18,000,000 on a debt free basis by an independent valuation. With PPKMEG owing \$2,000,000 to the Company as noted above, the net valuation is determined to be \$16,000,000.

- (c) *Do you have to do anything to receive your PPKMEG shares?*

You must hold Shares in the Company on the Record Date in order to receive the PPKMEG shares. If the Capital Reduction is approved, you will automatically receive the PPKMEG shares you are entitled to receive (unless you are a Foreign Shareholder, in which case you will receive the proceeds of any sale), even if you vote against the Capital Reduction or do not vote at all.

- (d) *Will I be able to trade my PPKMEG shares?*

There may be relatively few buyers or sellers of PPKMEG shares at any given time as PPKMEG will not be listed on the ASX or any other securities exchange. If the Transaction proceeds because the Capital Reduction is approved by Shareholders and is implemented, a holder of PPKMEG shares may not be able to readily trade their PPKMEG shares in the future. The PPKMEG Board will contact Shareholders directly if any facility impacting the Shareholders' ability to trade its shares, is established in the future.

(e) *What are the taxation implications of the Transaction?*

A general guide to the taxation implications of the Transaction (by way of Capital Reduction and by way of an In-Specie Dividend) is set out in Section 12 of this Explanatory Statement. The description is not intended to provide taxation advice in respect of particular circumstances of any Shareholder. **Shareholders should obtain professional advice as to the taxation consequences of the Transaction in their specific circumstances.**

(f) *What will happen if Resolution 1 is not approved?*

In the event that Shareholder approval of Resolution 1 is not obtained, neither the Capital Reduction nor the In-Specie Dividend will proceed (and the distribution of PPKMEG shares to the Company's Shareholders will not occur). As the Directors continue to believe that the demerger of the mining business is in the best interests of the Company and its Shareholders, they may decide to explore further options for disposal of PPKMEG if Resolution 1 is not approved.

## 6.2 Shareholders Based Overseas

The distribution of shares in PPKMEG to Foreign Shareholders would be subject to the legal and regulatory requirements in their relevant overseas jurisdictions and in many cases this is likely to include the obligation to prepare a prospectus or other similar disclosure document in compliance with those jurisdictions' laws. The Company's Board considers this would be an unjustifiable burden and cost to Shareholders, not least given the comparatively low percentage of Foreign Shareholders. Accordingly, the PPKMEG shares that are distributed to such Foreign Shareholders and would otherwise have been held by each Foreign Shareholder will be sold by a sales agent appointed by the Company. The sales agent will sell the PPKMEG shares by way of a standard transfer of shares after the value of the shares is established by way of a bookbuild, at the relevant time. The bookbuild will commence on 30 June 2022. All proceeds of the sale of such shares will be paid to each Foreign Shareholder within two (2) weeks of the bookbuild concluding and the Company will cover the respective brokerage costs.

As the Capital Reduction is being represented and satisfied by the distribution of shares in PPKMEG and there may be an illiquid or no market available for those shares, the net proceeds of sale to such Foreign Shareholders may be more or less than the notional dollar value of the Capital Reduction and In-Specie Dividend. It will be the responsibility of each Shareholder to comply with the laws to which they are subject in the jurisdictions in which they are resident.

## 7 PRO FORMA FINANCIAL POSITION OF THE COMPANY AND PPKMEG ON THE DEMERGER IMPLEMENTATION DATE

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A pro-forma statement of financial position of the Company is contained in Schedule 1 which shows the financial impact on the Company of the demerger of PPKMEG and the Transaction.

A statement of profit or loss, statement of financial position and the net cashflows for PPKMEG as at 31 December 2021, which has been extracted from Note 8 of the PPK Group Limited Appendix 4D lodged with the ASX on 24 February 2022 is set out in Schedule 2. The Appendix 4D has been reviewed by EY, the Independent Auditor of the Company.

## 8 DIRECTORS' INTERESTS

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The number of securities in the Company held by the Directors at the date of the Meeting has been summarised in the Company's financial reports and subsequent Appendix 3Ys. At the date of the Meeting, the Directors do not hold any securities in PPKMEG. On the Demerger Implementation Date, the Directors will have an interest in PPKMEG shares that mirrors the shareholding in the Company in common with all other Shareholders (other than Foreign Shareholders)

## **9 DIRECTORS' RECOMMENDATION**

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After a full and proper assessment of all available and relevant information, the Company's Directors believe that the Capital Reduction and the broader Transaction are in the best interests of Shareholders. As such, your Directors unanimously recommend the Shareholders vote in favour of Resolution 1. The Directors make this recommendation predominantly due to their belief that the proposed Transaction will ultimately unlock value for Shareholders by allowing directors and management to focus on the respective strategic goals of the mining and technology businesses.

## **10 BOARD DISCRETION WHETHER TO PROCEED WITH TRANSACTION**

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The Board retains absolute discretion whether to proceed with the Transaction. Even if Shareholders approve Resolution 1, the Board may still resolve not to proceed with the Capital Reduction or In Specie Dividend should market conditions and other factors impacting on the distribution of shares in PPKMEG cause the Directors to believe that proceeding with the Transaction would not be in the best interests of Shareholders.

## **11 RISK FACTORS**

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On successful completion of the Capital Reduction, Shareholders will become shareholders in PPKMEG and should be aware of the general and specific risk factors which may affect PPKMEG and the value of its securities. These risk factors are set out in Schedule 3. The risk factors have been reviewed by each of the boards of directors of the Company and PPKMEG and are considered relevant and appropriate.

## **12 TAXATION**

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The following comments are based on the application of Australian taxation laws in force at the date of this Explanatory Statement.

The views expressed in this summary are not intended as specific advice to Shareholders. The application of tax legislation may vary according to the individual circumstances of Shareholders. In this regard, the comments below are only relevant to those Shareholders who hold their Shares on capital account (i.e. have not been held for the purpose of resale or as tradingstock).

Furthermore, this summary does not apply to:

- Shareholders whose Shares are subject to the employee share acquisition scheme tax rules and Shareholders who are not the beneficial owners of their Shares in the Company; and
- Shareholders who are not residents of Australia for tax purposes.

It should be emphasised that these comments are general in nature, may not be applicable to your individual circumstances and cannot be relied upon for accuracy or completeness.

You should therefore seek and rely on your own taxation advice in relation to the taxation consequences of the In-specie distribution. Neither the Company nor any of its officers, or its advisers accept liability or responsibility with respect to such consequences.

The proposed distribution of PPKMEG shares by the Company to its Shareholders pursuant to the Transaction will consist of a return of share capital component and a dividend component.

The following is an overview of the Australian tax implications that should arise as a consequence of the proposed Transaction for an Australian resident Shareholder who holds Shares on capital account.

We recommend that non-Australian resident Shareholders seek specific advice by reference to their own circumstances so as determine their Australian tax position.

The taxation consequences to Shareholders (resident and non-resident) who may hold Shares in the Company on revenue account will depend on their specific circumstances and, accordingly, Shareholders such as banks, insurance companies, share traders and professional investors should seek their own specific advice.

The Company has received tax advice from its tax adviser that the distribution should qualify for demerger roll-over relief under Division 125 (“demerger roll-over relief”) of the *Income Tax Assessment Act 1997* (“1997 Act”). Broadly, if a Shareholder chooses demerger roll-over relief any CGT implications arising as a result of the distribution should be disregarded and the Shareholder should not be subject to Australian tax on the In-Specie Dividend amount.

The following is a summary of the expected Australian tax outcomes to the Shareholders where the demerger tax roll-relief under Division 125 of the Income Tax Assessment Act 1997 (“**demerger roll-over relief**”) is available and the Shareholder chooses to apply the demerger roll-over relief.

Capital Reduction entitlement	The receipt of the Capital Reduction amount should give rise to a CGT event G1 for the Shareholders.  Any capital gain that may arise from the receipt of the Capital Reduction amount should be disregarded.
CGT cost base of Shares and PPKMEG shares	The Shareholders will need to apportion the CGT cost base of their Shares between the Company and the new PPKMEG shares on a basis which takes into account the market values of the Shares and the PPKMEG shares (or a reasonable approximation of their respective market values) just after the distribution.  Further information in relation to the apportionment of CGT costs bases will be provided by the Company after the Demerger Implementation Date.
Acquisition Date for Discounted Capital Gain	The PPKMEG shares should be taken to have been acquired on the same date for CGT purposes that the Shareholder acquired their Shares when determining if discount CGT treatment is available for any subsequent disposal of the PPKMEG shares.
Distribution Dividend Component	The In-Specie Dividend amount should not be included in the Shareholder’s Australian assessable income.

If a Shareholder does not choose demerger roll-over relief or it is not available, the following expected Australian tax outcomes to the Shareholders will arise:

Capital Reduction entitlement	The Capital Reduction should trigger CGT event G1 (section 104- 135 of the 1997 Tax Act) which occurs where a company makes a payment to a shareholder in respect of a share they own in a company and some or all of the payment is not a dividend and the payment is not included in the shareholder’s assessable income  The cost base and reduced cost base to Shareholders of their Shares should be reduced (but not below nil) by
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	<p>the non-assessable part of the distribution (i.e. the Capital Reduction amount).</p> <p>A Shareholder should make a capital gain if the non-assessable part of the distribution in relation to each Share exceeds the cost base of that Share, with the capital gain generally equal to that excess.</p> <p>Each Shareholder will need to determine this based on the CGT cost base of their individual shareholding. If the Shares were acquired by the Shareholder more than 12 months before the date of payment, a capital gain from the CGT event G1 (if any) may qualify as a discount capital gain if the other conditions in Subdivision 115-A of the 1997 Tax Act are satisfied.</p>
Cost base of PPKMEG shares	The Shareholders should obtain a CGT cost base for their PPKMEG shares equal to the shares' market value at the Demerger Implementation Date.
Acquisition Date for Discounted Capital Gain	For the purposes of determining eligibility for a discount capital gain, the PPKMEG shares should be taken to be acquired on the date of distribution.
Distribution Dividend Component	The dividend component should be treated as assessable income. The dividend will be unfranked.

It is noted, for completeness, that the transfer of the PPKMEG shares to the Shareholders is not expected to have any material adverse tax implications for the Company.

## 13 OTHER INFORMATION

### 13.1 Disclosure to ASX

The Company is a disclosing entity because it is an entity with Shares quoted on the Official List of the ASX. Accordingly, it is subject to regular reporting and disclosure obligations. Copies of documents lodged in relation to the Company, including this Notice of Meeting and Explanatory Statement, may be obtained for a fee from, or inspected at, an office of the ASIC or can be accessed at the Company's ASX announcements platform.

### 13.2 Forward looking statements

Some of the statements appearing in this document may be in the nature of forward- looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'consider', 'foresee', 'aim', 'will' and similar expressions are intended to identify forward-looking statements. Indications of guidance on future production, resources, reserves, sales, capital expenditure, earnings and financial position and performance are also forward- looking statements.

You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties, many of which are outside the Company's control. Those risks and uncertainties include factors and risks specific to the Company and PPKMEG. For more information on the risk factors facing PPKMEG, please refer to Schedule 3.

Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement and such deviations are both normal and to be expected.

None of the Company, PPKMEG, any of their respective officers or any person named in this document or involved in the preparation of this document make any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, and you are cautioned not to place undue reliance on those statements.

The forward-looking statements in this document reflect views held only as at the date of this document.

### **13.3 Other material information**

There is no information material to the making of a decision by a Shareholder in the Company whether or not to approve Resolution 1 (being information that is known to any of the Directors and which has not been previously disclosed to Shareholders in the Company) other than as disclosed in this Explanatory Statement and all relevant Schedules.

### **13.4 No financial product advice**

This document does not constitute financial product, taxation or investment advice nor a recommendation in respect of the PPKMEG shares. It has been prepared without taking into account the objectives, financial situation or needs of Shareholders or other persons. Before deciding how to vote or act, Shareholders should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances.

Neither the Company nor PPKMEG is licensed to provide financial product advice. No cooling-off regime applies in respect of the acquisition of PPKMEG shares under the In- specie Dividend (whether the regime is provided for by law or otherwise).

### **13.5 No internet site is part of this document**

No internet site is part of this Notice of Meeting and Explanatory Statement. The Company maintains an internet site ([www.ppkgroup.com.au](http://www.ppkgroup.com.au)). Any reference in this document to this internet site is a textual reference only and does not form part of this document.

## GLOSSARY

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**\$** means Australian dollars.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

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

**Board** means the current board of directors of the Company.

**Capital Reduction** means the reduction of capital in the Company relating to 75,279,018 shares in PPKMEG in accordance with Resolution 1.

**Chairman** means the chair of the Meeting.

**Company** or **PPK** means PPK Group Limited (ABN 65 003 964 181).

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

**Corporate Services** has the meaning given in Section 3.7 of the Explanatory Statement.

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

**Demerger Implementation Date** means the date that the Capital Reduction and In-Specie Dividend are completed.

**Directors** means the current directors of the Company.

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

**Foreign Shareholder** has the meaning given in Section 2.2 of the Explanatory Statement.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Indicative Timetable** means the timetable for the proposed Transaction set out in Section 1.3 of the Explanatory Statement.

**In-Specie Dividend** means the payment of an interim special unfranked dividend by way of a distribution of 14,010,275 shares owned by the Company in PPKMEG.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**OEM** means original equipment manufacturer.

**PPKMEG Board** means the directors of PPKMEG.

**PPKMEG** means, at the date of this Notice, PPK Mining Equipment Group Pty Limited (ABN 26 121 201 705).

**Proxy Form** means the proxy form accompanying the Notice.

**Record Date** means the date specified in the Indicative Timetable.

**Resolution** means the resolution set out in the Notice.

**Section** means a section of the Explanatory Statement, unless the context requires otherwise.

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

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

**Transaction** means the Capital Reduction and the In-Specie Dividend.

**SCHEDULE 1**  
**PPK GROUP LIMITED PRO-FOR MA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT**  
**31 DECEMBER 2021**

Set out below is interim condensed consolidated statement of financial position as at 31 December 2021, which has been extracted from the PPK Group Limited Appendix 4D lodged with the ASX on 24 February 2022. The Appendix 4D has been reviewed by EY, the Independent Auditor for PPK Group Limited. The pro forma consolidated statement of financial position has been presented by:

1. eliminating the “Current PPKMEG assets” and “Current PPKMEG liabilities” PPKMEG as disclosed in Appendix 4D;
2. recording a Capital Reduction of \$13,490,000 and In-Specie Dividend of \$2,510,000, eliminating the Reserves of PPKMEG of \$350,000 and recognising a loss of \$2,513,000 on demerger; and
3. recording \$2,000,000 of debt owing from PPKMEG as other current assets.

	<b>As Advised</b>	<b>Adjustments</b>	<b>Pro forma</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	56,590		56,590
Trade and other receivables	2,229		2,229
Inventories	209		209
Other current assets	1,903	2,000	3,903
Current PPKME assets	29,229	(29,229)	-
	<u>90,160</u>	<u>(27,229)</u>	<u>62,931</u>
<b>Non-current assets</b>			
Investments in associates and a joint venture – equity accounted	13,084		13,084
Investments	4,036		4,036
Property, plant and equipment	4,335		4,335
Right-of-use assets	305		305
Intangible assets	5,964		5,964
Investment property	4,179		4,179
Goodwill	29,271		29,271
Deferred tax assets	2,012		2,012
	<u>63,185</u>	<u>-</u>	<u>63,185</u>
<b>Total assets</b>	<b><u>153,345</u></b>	<b><u>(27,229)</u></b>	<b><u>126,116</u></b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade and other payables	732		732
Lease liabilities	89		89
Interest-bearing loans and borrowings	495		495
Provisions	247		247
Tax liability	1,671		1,671
Current PPKME liabilities	8,366	(8,366)	-
	<u>11,600</u>	<u>(8,366)</u>	<u>3,234</u>
<b>Non-current liabilities</b>			
Lease liabilities	196		196
Provisions	81		81
Deferred tax liability	828		828
	<u>1,104</u>	<u>-</u>	<u>1,104</u>
<b>Total liabilities</b>	<b><u>12,704</u></b>	<b><u>(8,366)</u></b>	<b><u>4,338</u></b>
Net assets	<b><u>140,641</u></b>	<b><u>(18,863)</u></b>	<b><u>121,778</u></b>
<b>Equity</b>			
Contributed equity	75,665	(13,490)	62,175
Treasury shares	(109)		(109)
Reserves	38,369		38,369
Reserves of PPKME	350	(350)	-
Retained earnings (accumulated losses)	(7,188)	(2,513)	(9,701)
Dividends	-	(2,510)	(2,510)
<b>Capital and reserves attributable to owners of PPK Group Ltd</b>	<b><u>107,087</u></b>	<b><u>(18,863)</u></b>	<b><u>88,224</u></b>
Non-controlling interests	33,554		33,554
<b>Total equity</b>	<b><u>140,641</u></b>	<b><u>(18,863)</u></b>	<b><u>121,778</u></b>

**SCHEDULE 2**  
**EXTRACT FROM PPK GROUP LIMITED APPENDIX 4D AT**  
**31 DECEMBER 2021**

Set out below is a statement of profit or loss, statement of financial position and the net cashflows for PPKMEG as at 31 December 2021, which has been extracted from Note 8 of the PPK Group Limited Appendix 4D lodged with the ASX on 24 February 2022. The Appendix 4D has been reviewed by EY, the Independent Auditor for PPK Group Limited.

	<b>\$000</b>
<b>Statement of Profit or Loss</b>	
Revenue from contracts with customers	19,380
Rental income	<u>617</u>
	19,997
Other income	<u>34</u>
<b>Total revenue and other income</b>	<b><u>20,031</u></b>
Cost of sales	(15,140)
Employee expenses	(1,459)
Administration expense	(1,075)
Depreciation and amortisation	-
Interest expense	<u>(63)</u>
<b>Total expenses</b>	<b><u>(17,737)</u></b>
<b>Profit/(loss) before income tax expense from PPKME's operations</b>	<b>2,294</b>
Income tax expense (benefit) attributable to profit	<u>-</u>
<b>Profit/(loss) after income tax expense from PPKME's operations</b>	<b><u>2,294</u></b>
<b>Statement of Financial Position</b>	
<b>Assets</b>	
Cash	-
Trade and other current assets	7,484
Inventories	11,049
Fixed assets	6,451
Intangibles	<u>4,245</u>
<b>Assets</b>	<b><u>29,229</u></b>
<b>Liabilities</b>	
Creditors and provisions	(8,201)
Lease liabilities	<u>(165)</u>
<b>Liabilities</b>	<b><u>(8,366)</u></b>
<b>Net assets</b>	<b><u>20,863</u></b>
<b>The net cash flows incurred by PPKME are:</b>	
Cash at the beginning of the financial period	545
Net cash inflow (outflow) from operating activities	3,364
Net cash inflow (outflow) from investing activities	(712)
Net cash inflow (outflow) from financing activities	<u>(4,550)</u>
Cash at the end of the financial period	<u>(1,353)</u>

If PPKME was not classified as a Disposal Group by PPK Group Limited, the depreciation and amortisation of the fixed assets and right-of-use assets would have been \$1.323M in this period.

### SCHEDULE 3 – KEY RISK FACTORS OF THE PROPOSED TRANSACTION

The business, assets and operations of PPKMEG will be subject to certain risk factors that have the potential to influence its operating and financial performance in the future. These risks can impact on the value of its securities and include those highlighted below.

The risk factors set out below ought not to be taken as exhaustive of the risks faced by PPKMEG or by shareholders in PPKMEG. The below factors, and others not specifically referred to below, may in the future materially affect the financial performance of PPKMEG and the value of the PPKMEG shares. Therefore, the PPKMEG shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those shares.

#### RISK RELATING TO THE PROPOSED TRANSACTION

(a) *Introduction*

If the proposed Transaction is implemented, Shareholders who previously had an indirect interest in PPKMEG through their shareholding in the Company, will (other than Foreign Shareholders) have a direct interest in PPKMEG and, accordingly, will be directly subject to a number of risks affecting PPKMEG, its operations and its financial condition.

Most of the risks currently faced by the Company at the date of this Notice will continue to be faced by PPKMEG after the proposed Transaction is implemented. The Company's Shareholders are already exposed to these risks through their shareholding in the Company. However, the Company's risk profile will change after implementation of the Transaction as the Company's operations will be focused on its technology businesses and will, in that sense, be 'less diversified'. Any Shareholders who do not retain their PPKMEG shares will have a similar reduction in diversification and a greater concentration of their exposure to technology businesses.

(b) *Transaction may not complete*

Completion of the Transaction is subject to the passing of the Resolution 1 by Company Shareholders at the Extraordinary General Meeting. If Shareholders do not approve the Resolution 1, the Transaction will not proceed. If the proposed Transaction is delayed or does not proceed, PPKMEG will remain a subsidiary of the Company in the immediate future and Shareholders may not receive all of the benefits that would otherwise have resulted from the Transaction.

(c) *Uncertainty around the price of Shares in the Company*

While the Directors believe that the Transaction is in the best interests of Shareholders, it is not possible to predict the market value of the Shares following the Transaction. Recent volatility in equity markets may heighten uncertainty regarding the future value of the Company and PPKMEG. The share price of the Company may be affected by a range of factors including market sentiment, interest rates and international and national uncertainty.

(d) *The Transaction may fail to realise anticipated benefits*

Shareholders may fail to realise any or all of the anticipated benefits of the Transaction, either in a timely manner or at all. Some of the potential benefits of the Transaction may not be achieved as a result of circumstances outside the control of the Company or PPKMEG.

(e) *Potential delays or unexpected costs in establishing PPKMEG as a standalone entity*

PPKMEG is currently supported by the Company's corporate services infrastructure, including group accounting, treasury, taxation, audit, superannuation, payroll, legal, secretarial, insurance administration, information management, purchasing and other services. As part of the separation after the Transaction, PPKMEG will ultimately seek to

replace these corporate support services with internal capability or with third party contracts and arrangements appropriate for it as a standalone entity. The Company and PPKMEG are seeking to mitigate this by agreeing a transitional services agreement for Corporate Services, but there is a risk that the performance of these functions will be negatively affected during PPKMEG's period of transition to being a standalone entity as systems and processes are implemented. PPKMEG may incur one-off costs to implement these processes and it may take some time to ensure that all processes are operating fully and efficiently. There is a risk that the establishment of these capabilities may take longer than expected or may involve greater costs than anticipated.

(f) *Demerger taxation relief*

The Company has received tax advice from EY, its tax adviser, that the Transaction should qualify for demerger tax relief (i.e. refer to the letter from EY dated on or around 20 April 2022) published on the PPK website. The Directors have decided to recommend the Transaction to Shareholders without seeking a Class Ruling from the Commissioner of Taxation. Whilst EY's opinion is that the Transaction should satisfy the requirements for demerger tax relief, there is some risk the Commissioner of Taxation may express a different view. As outlined above, where the Transition qualifies for demerger taxation relief, Australian resident PPK Shareholders, who hold their Shares on capital account, and choose to apply the demerger tax relief should not realise any capital gain or loss from the Transaction. The cost base for their Shares should be allocated between their Shares and PPKMEG shares and the dividend component (i.e. the In Specie Dividend) should not be included in their Australian assessable income.

If the Commissioner of Taxation concludes that demerger tax relief is not available or seeks to apply the anti-avoidance rules applicable to demergers, then Australian resident PPK Shareholders may make a taxable capital gain on the Capital Reduction component of the Transaction and shareholders may also be subject to Australian tax on the In-Specie Dividend amount as an unfranked dividend.

Section 12 of the Notice of Meeting provides further information on the general income tax implications for Shareholders who are Australian tax residents, including information on the implications if the Commissioner of Taxation does not agree with the opinion of EY.

This information is not applicable to all Shareholders, in particular Shareholders (such as Foreign Shareholders) who are not residents of Australia for taxation purposes. The demerger tax relief comments do not take into account Shareholders' individual investment objectives, financial situation or needs. The information in Section 12 should not be relied upon as the sole basis for any investment decision. Shareholders should seek independent legal, financial, taxation and other professional advice before making any investment decision.

## **RISKS SPECIFIC TO PPKMEG**

There are a number of risk factors specific to PPKMEG, and of a more general nature which may, either individually or in combination, affect the future operations, financial performance, financial position of PPKMEG or the value of PPKMEG shares.

(a) *Liquidity*

There may be relatively few buyers or sellers of PPKMEG shares at any given time as PPKMEG will not be listed on the ASX or any other securities exchange. If the Transaction is approved by Shareholders and is implemented, a holder of PPKMEG shares may not be able to readily trade their PPKMEG shares in the future. The PPKMEG Board will contact

Shareholders directly if any facility impacting the Shareholders' ability to trade its shares, is established in the future.

(b) *Capital requirements*

PPKMEG activities, including the development, manufacture and sale of new equipment will require additional expenditure. There can be no guarantee that the funds held by PPKMEG will be sufficient to successfully achieve all of the objectives of PPKMEG's business strategy. Any equity financing will dilute shareholdings and debt financing, if available, may involve restrictions on financing and operating activities. If PPKMEG is unable to obtain additional financing as needed, it may be required to scale back its business plans. In addition, PPKMEG's ability to continue as a going concern may be diminished. There is no guarantee that PPKMEG will be able to secure any additional funding or be able to secure funding on terms favourable to PPKMEG. Such circumstances would adversely affect PPKMEG and its activities.

(c) *Environment*

PPKMEG's operations are subject to laws and regulations in relation to environmental matters. As a result, there is the risk that PPKMEG may incur liability under these laws and regulations. PPKMEG proposes to comply with applicable laws and regulations and conduct its program in a responsible manner with regard to the environment.

(d) *Reliance on key personnel*

PPKMEG will be dependent on its directors and senior management to implement its business strategy. A number of factors, including the departure of senior management of PPKMEG or a failure to attract or retain suitably qualified key employees, could adversely affect PPKMEG's business strategy.

(e) *Customer dependency*

PPKMEG has a heavy reliance on three customers, all of which are exposed to similar specific and general risks as PPKMEG while operating in the underground coal industry. All underground coal customers are dependent on the continued production of existing and future underground coal reserves, the ability to economically mine the coal reserves and current and future demand for the coal produced. These factors may have an adverse effect on a customer's revenues, its cost base and operations, as well as its ability to fund its future activities which could adversely affect PPKMEG.

(f) *Insurance*

The Company understands that PPKMEG intends to adequately insure its operations in accordance with industry practice and applicable laws in the jurisdictions where it operates. However, in certain circumstances PPKMEG may not be able to obtain insurance or the insurance that it can obtain may be prohibitively expensive or may not be of a sufficient nature or level to provide adequate insurance cover. As such, the occurrence of an event that is not covered by insurance could have a material adverse effect on PPKMEG.

(g) *Economic*

Factors such as inflation, currency fluctuations, interest rates, supply and demand, industrial disruption, government policy and legislation have an impact on operating costs, commodity prices, and the parameters in which PPKMEG operates.

(h) *Government policy and legislative change*

Capacity to explore and mine, as well as industry profitability generally, can be affected by changes in government policy that are beyond the control of PPKMEG and which may materially adversely impact PPKMEG and the value of PPKMEG shares. PPKMEG's activities in the mining industry are subject to various legislation, regulations and governmental approvals. The introduction of any new legislation, be it amendments, the

application of developments in existing common law or policies or the interpretation of those laws or policies could have a material adverse effect on PPKMEG. Changes in government regulations may adversely affect the financial performance or the current and proposed operations generally of PPKMEG and the value of PPKMEG shares.

In addition, PPKMEG's operations may require various licences, regulatory renewals or approvals by government for their operations and accordingly must comply with those approvals, applicable laws, regulations, guidelines and policies. There is a risk that PPKMEG may not obtain, or may be delayed in obtaining the necessary licenses, renewals and approvals in relation to their operations. This may affect the timing and scope of PPKMEG's operations.

*(i) Foreign Exchange*

Foreign exchange rates fluctuate over time. Fluctuating exchange rates have a direct effect on PPKMEG's operating costs and cash flows expressed in Australian dollars.

*(j) Commodity prices*

PPKMEG's future prospects and the PPKMEG share price will be influenced by the prices obtained for the commodities produced by its customers targeted in PPKMEG's strategy. Commodity prices fluctuate and are impacted by factors including the relationship between global supply and demand for minerals, forward selling by producers, costs of production and general global economic conditions.

Commodity prices are also affected by the outlook for inflation, interest rates, currency exchange rates and supply and demand factors. These factors may have an adverse effect on PPKMEG's equipment and services revenues and any subsequent capital sales, as well as its ability to fund its future activities.

*(k) Exchange rate fluctuations*

International prices of most commodities are denominated in United States dollars, whereas the income and expenditure of PPKMEG, whilst operating in Australian, will be in Australian currency, exposing PPKMEG and its customers to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar. Exchange rate fluctuations may also impact the prices PPKMEG may pay for goods and services required to manufacture its equipment.

*(l) Political risk*

PPKMEG and its customers operate in international markets and the sale of PPKMEG's equipment and its customers commodities are subject to the risk that intended activities may be impacted because of a change in government, legislation, regulation or policy.

*(m) Competition*

PPKMEG's ability to enter into contracts for the supply of equipment and services at profitable prices may be adversely affected by the introduction of new suppliers and any increase in competition in the regional markets, either of which could increase the supply of equipment and services and thereby potentially lower the prices.

## **GENERAL RISK FACTORS**

*(a) General economic conditions*

PPKMEG's operating performance and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates, exchange rates and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions, including an increase in interest rates or decrease in consumer and business demand, could have an adverse impact on the PPKMEG business, the results of PPKMEG's operations or PPKMEG's financial conditions and performance.

(b) *Changes in tax rules or their interpretation*

Changes in tax law (including income tax, goods and services taxes and stamp duties), or changes in the way taxation laws are interpreted may impact the tax liabilities of PPKMEG or the tax treatment of a Shareholder's interests in PPKMEG. In particular, both the level and basis of taxation may change. In addition, holding PPKMEG shares involves tax considerations which may differ for each PPKMEG shareholder. Each prospective PPKMEG shareholder is encouraged to seek professional tax advice in connection their holding in PPKMEG.

(c) *Accounting standards*

Australian Accounting Standards are issued by the Australian Accounting Standards Board and are not within the control of PPKMEG and the PPKMEG Board. Any changes to the accounting standards or to the interpretation of those standards may have an adverse effect on the reported financial performance or financial position of PPKMEG.

(d) *Force majeure events*

Events may occur within or outside PPKMEG's key markets that could impact upon the global economies and the operations of PPKMEG. The events include, but are not limited, to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for PPKMEG's product offering and services and its ability to conduct business.

(e) *Global health risks or pandemics*

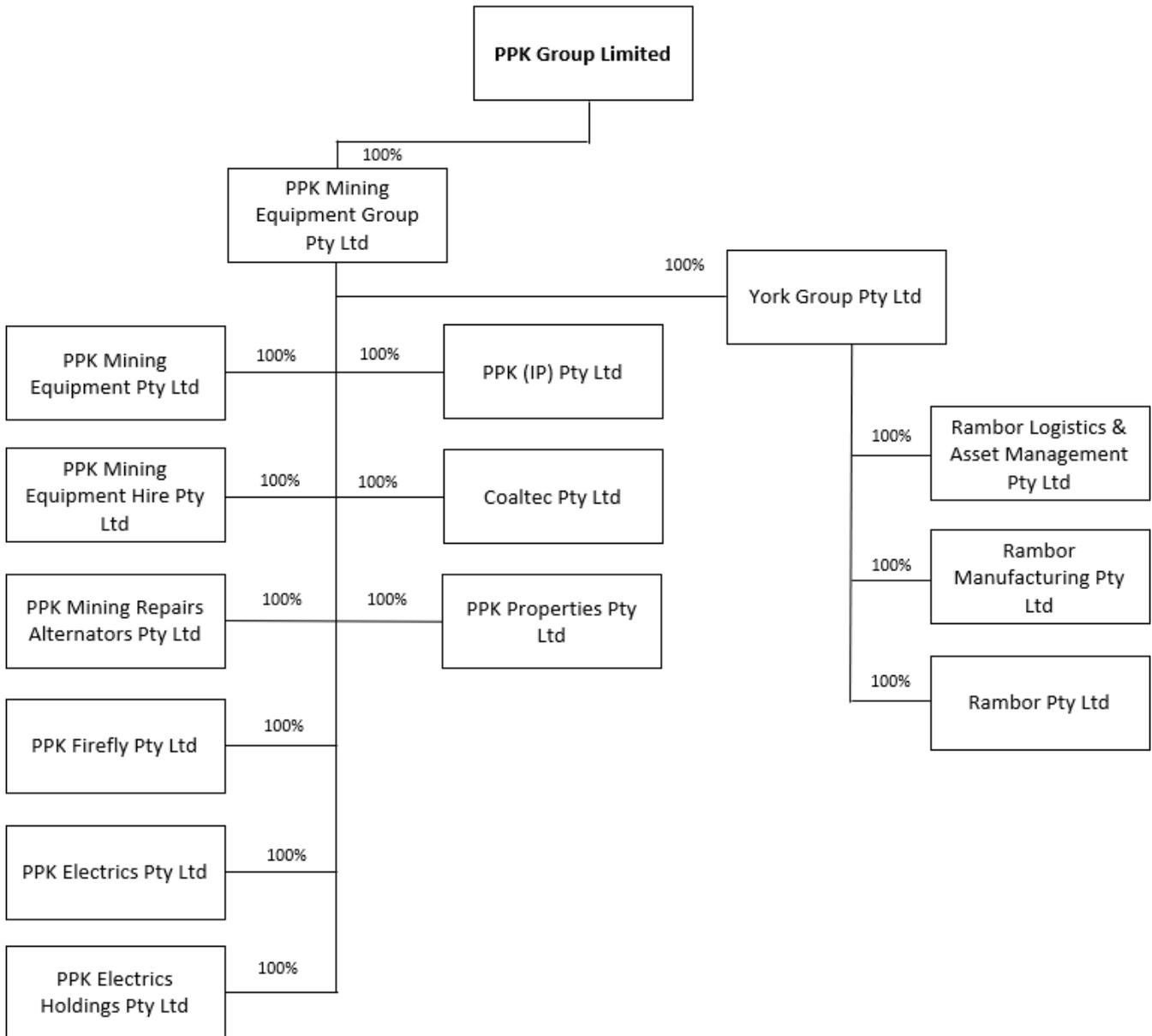
Global health risks or pandemics or the potential for these events could have a negative impact on PPKMEG. Such events could adversely affect consumer behaviour and business activity levels, and precipitate sudden significant changes in regional and global economic conditions and cycles. They could also pose significant risks to the PPKMEG's stores, distribution centres and supply chains, whether they are controlled by PPKMEG or by third-party providers. By disrupting supply operations, provision of services and logistics, these events could make it difficult or in some cases impossible for PPKMEG to deliver products and services to its customers. As a result, the operations of PPKMEG could be adversely affected by such events. PPKMEG only has limited insurance coverage for losses and interruptions caused by global health risks or pandemics.

(f) *Other risks*

The above risks are not an exhaustive list of the risks. The risks outlined above and other risks may materially affect the future performance of PPKMEG. Accordingly, no assurances or guarantees of future performance, profitability, distributions, or returns of capital are given by PPKMEG.

SCHEDULE 4 – PKMEG ORGANIZATIONAL STRUCTURE

**Pre Demerger  
PPKME**





ABN 65 003 964 181

PPK

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Need assistance?



**Phone:**

1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (Brisbane time) Sunday 29 May 2022.**

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

## PARTICIPATING IN THE MEETING

### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com/au](http://www.investorcentre.com/au) and select "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I9999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark  to indicate your directions

### Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of PPK Group Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the extraordinary General Meeting of PPK Group Limited to be held virtually via <https://meetnow.global/MUDMCU9> on Tuesday, 31 May 2022 at 10:00am (Brisbane time) and at any adjournment or postponement of that meeting.

### Step 2 Item of Business

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

	For	Against	Abstain
Resolution 1 Approval for an equal reduction of capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of the item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### Step 3 Signature of Securityholder(s) *This section must be completed.*

<input type="text"/>	<input type="text"/>	<input type="text"/>	/ /
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

#### Update your communication details *(Optional)*

<input type="text"/>	<input type="text"/>
Mobile Number	Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

