



the Directors propose to declare a special dividend of €0.0126 on the ordinary shares of £0.01 to be satisfied by the transfer of the entire issued share capital of Erris Gold Resources Limited.

This dividend will be paid on 29 October 2020 to the holders of ordinary shares at 6.00 p.m. on 27 October 2020 (or such later time or date as the Directors may determine) ("**Record Date**").

4. That, subject to and conditional upon the passing of resolutions 1 to 3 (inclusive) and 7 and in accordance with section 551 of the Companies Act 2006 (and so that expressions used in this resolution shall, unless the context requires otherwise, bear the same meanings as in the said section 551), the Directors of the Company be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**") up to a maximum aggregate nominal amount of:

4.1 £906,191.70 in relation to the issue of the Consideration Shares (as such term is defined in the Admission Document); and

4.2 £750,000 in relation to the issue of the Placing Shares (as such term is defined in the Admission Document),

to such persons and at such times and on such terms as they think proper, provided that this authority shall, unless renewed, varied or revoked by the Company in general meeting, expire at the earlier of the Company's annual general meeting to be held in 2021 and 31 January 2022, save that the Company be and is hereby authorised, before such expiry, to make any offer or agreement which would or might require shares to be allotted or Rights to be granted after the expiry of such period and the Directors of the Company may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding the expiry of the authority conferred by this resolution 4.

This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 551 of the Companies Act 2006 but without prejudice to any allotment of shares in the Company or the granting of Rights already made or agreed to be made pursuant to such authorities.

5. That, subject to and conditional upon the passing of resolution 8 and in accordance with section 551 of the Companies Act 2006 (and so that expressions used in this resolution shall, unless the context requires otherwise, bear the same meanings as in the said section 551), the Directors of the Company be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("**Additional Rights**") up to a maximum aggregate nominal amount of £2,000,000.00 representing shares equal to 97.82 per cent. of the Enlarged Ordinary Share Capital (as such term is defined in the Admission Document) to such persons and at such times and on such terms as they think proper, provided that this authority shall, unless renewed, varied or revoked by the Company in general meeting, expire at the earlier of the Company's annual general meeting to be held in 2021 and 31 January 2022, save that the Company be and is hereby authorised, before such expiry, to make any offer or agreement which would or might

require shares to be allotted or Additional Rights to be granted after the expiry of such period and the Directors of the Company may allot shares or grant Additional Rights in pursuance of such offer or agreement notwithstanding the expiry of the authority conferred by this resolution 5.

This authority is in addition to the authority conferred by resolution 4.

6. That, the adoption by the Company of the 'Short-term Restricted Unit Scheme' ("**RSU Scheme**") and 'Long-term Performance Share Unit Scheme' ("**PSU Scheme**" and together with the RSU Scheme, the "**New Share Incentive Schemes**" or the "**Schemes**"), summaries of which are detailed in this resolution, be and hereby are approved. The Company's New Share Incentive Schemes will be the primary incentive schemes for the Company going forward. The New Share Incentive Schemes will remain effective for a period of ten years from the date of approval.

The purpose of these Schemes is to assist the Company in attracting and retaining individuals with experience and exceptional skill, to allow selected executives, key employees and directors of the Company to participate in the long term success of the Company and to promote a greater alignment of interests between the participants designated under these Schemes and the shareholders of the Company

***Key features of both Schemes include:***

Grants of awards may be made to eligible persons, who are defined as Directors, senior executives and employees of the Company or its subsidiaries or as otherwise determined by the Remuneration Committee (the "**Committee**").

The potential maximum number of Ordinary Shares that could eventually be granted under the New Share Incentive Schemes, based on performance, shall not exceed 10 per cent. of the number of Ordinary Shares in issue at the date of grant of each award, when calculated in combination with any previously unvested or unexercised awards.

Malus (of any unvested awards) and clawback (of any vested but unexercised awards) may be applied during employment or for 2 years post-termination of employment in the event of the option holder's gross misconduct, material financial misstatement, error in calculation of outcomes or in any other circumstance that the Committee considers appropriate.

All unexercised awards shall lapse three months after termination of employment except in the cases of:

- death in service when options may be exercisable for a limited period following the employee's death;
- redundancy or ill-health when options may be exercised for a limited period following termination;
- retirement in circumstances where the Remuneration Committee exercises its discretion to permit options to be exercised for a limited period following termination; and

- in any other circumstance as the Committee may determine in its absolute discretion.

In the event of a change of control of the Company, the Board or Committee in their sole discretion, allow unvested Awards to vest early or unexercised RSUs or PSUs to be exercised early. In the event of any reorganisation of the Company's share capital, the Board or Committee in their sole discretion, may allow an adjustment to be made to the number and/or nominal value of shares under option.

Prior to the delivery of any RSUs, PSUs or Ordinary Shares under these Schemes, the Company shall deduct or withhold all applicable withholding taxes due under these schemes, namely Income Tax and Employee's NICs.

***Key features of the RSU Scheme:***

Awards granted under the RSU Scheme will be subject to annual performance criteria set by the Remuneration Committee each financial year, relating to each eligible employee's performance against personal, financial, strategic and 'Environmental, Social, and Corporate Governance' ("ESG") metrics.

Each eligible person will be set a (i) minimum performance threshold which must be satisfied in order to trigger any issuance of RSUs to them ("**Threshold**"). In addition, a base target ("**Target**") and maximum amount ("**Maximum**") will also be set.

The first performance period will run with an effective date from 1st October 2020 until 31st December 2021 ("**RSU Initial Performance Period**"), with subsequent performance periods running annually from 1 January 2022 onwards.

The Company will calculate any awards under the RSU Scheme based on a percentage of base salary as recommended by the Committee at the start of each performance period. The number of RSUs issued will be based on the share price of the Company on expiry of the Performance Period. On the expiry of the RSU Initial Performance Period, RSUs will be issued as follows:

- performance below Threshold - no RSUs issued
- performance equal to Threshold - RSUs issued to 20 per cent. of salary
- performance equal to Target - RSUs issued to 40 per cent. of salary
- performance equal to Maximum - RSUs issued to 60 per cent. of salary

Any RSUs issued under the Scheme will have a further two year vesting period. On the vesting date, the RSUs will convert into cash or ordinary shares at the discretion of the Company.

***Key features of the PSU Scheme:***

Awards granted under the PSU Scheme will be subject to three year performance criteria set by the Remuneration Committee each financial year, relating to objective corporate metrics as follows:

- 'Relative Total Shareholder Return ("RTSR")' against the peer group; and
- a significant corporate strategic goal set by the Company. During the PSU Initial Performance Period, this goal shall be the Company securing the acquisition of the 50 per cent. of Deutsche Lithium currently owned by SolarWorld AG.

Performance criteria shall be assessed 50:50 between the two corporate metrics. The assessment relating to RTSR shall be calculated as Maximum being in the Top Quartile, Target being in the Top half and Threshold being in the 3rd Quartile. The assessment relating to the corporate goal shall generally be binary Yes or No, but with the Board or Committee having sole discretion to assess partial achievement.

The peer group for the 'Relative Total Shareholder Return' metric comprises all of the listed Lithium companies that meet the criteria of most or all of being European focussed or listed, pre-production and either hard or soft rock in nature. Bacanora Lithium (AIM:BCN), European Metals Holdings (AIM: EMH), Savannah Resources (AIM:SAV), Kodal Minerals (AIM:KOD), Infinity Lithium (ASX:INF), Vulcan Energy Resources (ASX:VUL), European Lithium (ASX:EUR), and Critical Elements (TSX:CRE).

The first performance period following Admission will have an effective date from 1 October 2020 to 31 December 2023 (the "**PSU Initial Performance Period**") with subsequent three year performance periods starting from 1 January 2022.

The Company will calculate any awards under the PSU Scheme based a percentage of base salary as recommended by the Remuneration Committee at the start of each performance period and the share price at the start of the period. On the expiry of the PSU Initial Performance Period, PSUs will be issued as follows:

- performance below Threshold - no PSUs issued
- performance equal to Threshold - PSUs issued to 25 per cent. of salary
- performance equal to Target - PSUs issued to 50 per cent. of salary
- performance equal to Maximum - PSUs issued to 100 per cent. of salary

PSUs issued under the Scheme at the end of each three year performance period will have a further two year vesting period. On the vesting date, the options will be exercisable into ordinary shares with the timing at the sole discretion of the recipient.

### **Special Resolutions**

7. That, subject to and conditional upon the passing of resolutions 1 to 4 (inclusive) and in accordance with section 570 of the Companies Act 2006, the Directors of the Company be and are given the general power to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash, either pursuant to the authority conferred by resolution 4 above or by way of a sale of treasury shares, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment, provided that this power shall be limited to:

7.1 the allotment of the Consideration Shares up to an aggregate nominal amount of £906,191.70; and

7.2 the allotment of the Placing Shares up to an aggregate nominal amount of £750,000;

The power granted by this resolution 7 will expire at the earlier of the Company's annual general meeting to be held in 2021 and 31 January 2022 (unless renewed, varied or revoked by the Company in general meeting prior to or on such date) save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors of the Company may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution 7 has expired.

This resolution 7 revokes and replaces all unexercised powers previously granted to the Directors of the Company to allot equity securities as if section 561(1) of the Companies Act 2006 did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

8. That, subject to and conditional upon the passing of resolution 5 and in accordance with section 570 of the Companies Act 2006, the Directors of the Company be and are given the general power to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash, either pursuant to the authority conferred by resolution 5 above or by way of a sale of treasury shares, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment, provided that this power shall be limited to:

8.1 the allotment of equity securities in connection with an issue or offering in favour of holders of equity securities and any other persons entitled to participate in such issue or offering (other than the Company itself in respect of any shares held by it as treasury shares) where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the Directors of the Company may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and

8.2 the allotment (otherwise than pursuant to paragraph 8.1 of this resolution 8) of equity securities up to an aggregate nominal amount of £2,000,000, representing equity securities equal to 97.82 per cent. of the Enlarged Ordinary Share Capital (as such term is defined in the Admission Document).

The power granted by this resolution 8 will expire at the earlier of the Company's annual general meeting to be held in 2021 and 31 January 2022 (unless renewed, varied or revoked by the Company in general meeting prior to or on such date) save that the Company may, before such expiry, make offers or agreements which would or might

require equity securities to be allotted after such expiry and the Directors of the Company may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution 8 has expired.

This authority is in addition to the authority conferred by resolution 7.

9. That, the name of the Company be changed to '**Zinnwald Lithium plc**'.

DocuSigned by:

Osman Cherif Rifaat

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Director