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The Company Announcements Office, ASX Limited

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Proposed Issue of Incentive Securities to Non-Executive Directors

CZR Resources Ltd (ASX: CZR) (**CZR** or **Company**) advises that, following a review of non-executive director remuneration, it is proposing to issue unlisted performance rights (**Performance Rights**) and options (**Options**) (together with the Performance Rights, **Incentive Securities**) to non-executive directors Mr Russell Clark and Ms Annie Gou, subject to shareholder approval.

The issue of the Incentive Securities to directors aims to achieve the following:

1. Align director remuneration with business strategy and shareholder outcomes;
2. Assist in creating shareholder value over the long term;
3. Increase retention of directors; and
4. Preservation of CZR cash holdings in the most effective way possible.

Background

In November 2021, following the resignation of 3 directors and the Chairman in September 2021, there were changes to the Board which saw the appointment of a new Chairman of the Company, Russell Clark, and a new Managing Director, Stefan Murphy. These appointments, along with the continuing stewardship of Non-executive Director Annie Guo, were aimed at fast tracking the Robe Mesa Iron Ore Project into production.

Mr Stefan Murphy was issued an incentive package which included securities in the Company prior to his appointment as Managing Director. The Company has undertaken a review of the remuneration of Mr Clark and Ms Guo and determined to increase the remuneration arrangements for Mr Clark and Ms Guo. The Company proposes that the increased annual remuneration will be satisfied through the issue of the Incentive Securities. The Performance Rights will be issued in lieu of cash payments of director fees with the vesting periods aligned to vest with the annual remuneration periods of Mr Clark and Ms Guo, such that the Performance Rights compensate the directors for their additional remuneration forgone for the two years after issue. In addition, Options will be issued with an exercise price at a premium to the market price of the Company's shares to incentivise and align the interests of the non-executive directors with shareholders over the long term by the Options vesting three years after issue. In particular, the Securities are being issued to incentivise the retention of the directors, as over the past 8 months a rebuilding process of the Board and management has been required, which stalled some aspects of the various projects development, and which resulted in a significant drop in the company's share price.

Further details of the Incentive Securities are provided below.

Propose Structure of Incentive Securities

The proposed issue of Incentive Securities will comprise two elements:

| Elements | | Rationale |
|----------|--------------------|---|
| 1. | Performance Rights | <ul style="list-style-type: none"> • Increase non-executive director remuneration to align with market rates in lieu of increased director's fees • Align director remuneration with business strategy and Shareholder outcomes • Preservation of CZR cash holdings in the most effective way possible |
| 2. | Options | <ul style="list-style-type: none"> • Align director remuneration with business strategy and Shareholder outcomes • Create long-term shareholder value • Increased retention of directors • Preservation of CZR cash holdings in the most effective way possible |

1) Performance Rights

| Director | No. of Performance Rights |
|---------------|---------------------------|
| Russell Clark | 2,500,000 |
| Annie Guo | 1,875,000 |

The Issue of 2,500,000 and 1,875,000 Performance Rights to Mr Russell Clark and Ms Annie Guo, respectively, will be subject to shareholder approval at a future general meeting of the Company (refer to the below for further details).

The major terms of the Performance Rights are:

- 1) Performance Rights are issued for nil consideration;
- 2) On exercise each Performance Right converts into one fully paid ordinary share in CZR;
- 3) 50% of Performance Rights vest 12 months after issue if the director remains on the Board of CZR;
- 4) Remaining 50% of Performance Rights vest 24 months after issue if the director remains on the Board of CZR;
- 5) Unvested Performance Rights are automatically forfeited and cancelled if the Director ceases to be on the Board of CZR;
- 6) Performance Rights expire after 48 months of Issue; and
- 7) Performance Rights will automatically vest on a Change of Control.

Full terms and conditions of the Performance Rights will be included in the appropriate Notice of Meeting for a future general meeting at which Shareholders will consider the approval of the issue of the Performance Rights to Mr Clark and Ms Guo.

2) Options

| Director | No. of Options | Exercise Price |
|---------------|----------------|----------------|
| Russell Clark | 40,000,000 | 2.8 cents* |
| Annie Guo | 30,000,000 | 2.8 cents* |

* The exercise price currently represents a premium of 100% to the last closing share price of CZR shares of 2.8 cents on 17 May 2022.

The Issue of 40,000,000 and 30,000,000 Options to Mr Russell Clark and Ms Annie Guo respectively.

The major terms of the Options are:

- 1) Options are issued for nil consideration;
- 2) On exercise each Option converts into one fully paid ordinary share in CZR;
- 3) Options vest 36 months after issue if the director remains on the Board of CZR;
- 4) Unvested Options are automatically forfeited and cancelled if the Director ceases to be on the Board of CZR;
- 5) Options are exercisable at 2.8 cents;
- 6) Options expire after 48 months of Issue; and
- 7) Options will automatically vest on a Change of Control.

Full terms and conditions of the Options will be included in the appropriate Notice of Meeting for a future general meeting at which Shareholders will consider the approval of the issue of the Options to Mr Clark and Ms Guo.

General Shareholders Meeting

To save on costs and resources, the Company is not intending to convene a standalone general meeting of shareholders to consider the issue of the Incentive Securities to the Non-executive Directors. Instead, resolutions for shareholders to approve the issue of the Incentive Securities to Mr Clark and Ms Guo will be included in the business of the next general meeting of the Company.

This announcement is authorised for release to the market by the Board of Directors of CZR Resources Limited.

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