

**CENTREX METALS LIMITED**  
**ACN 096 298 752**

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of Shareholders of Centrex Metals Limited (**Company**) will be held at the offices of KPMG, Level 7, 151 Pirie Street, Adelaide, South Australia 5000 on Tuesday 26 November 2019 at 1.00 pm (ACDT) (**Meeting**).

The Explanatory Notes to this Notice provide additional information on the matters to be considered at the Meeting. The Explanatory Notes and the Proxy Form are part of this notice.

### **BUSINESS OF THE MEETING**

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#### **Item 1: Financial Statements and Reports**

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2019.

#### **Item 2: Remuneration Report**

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

*"To adopt the Remuneration Report for the year ended 30 June 2019."*

Notes:

- (i) In accordance with section 250R of the Corporations Act 2001, the vote on this resolution will be advisory only and will not bind the Directors or the Company.
- (ii) A voting exclusion statement applies to this resolution (see Explanatory Notes for details).

#### **Item 3: Re-election of Mr David Klingberg AO as a Director**

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

*"That Mr David Klingberg AO, being a Director who is retiring in accordance with clause 59.4 of the Company's Constitution and ASX Listing Rule 14.4, and being eligible, offers himself for re-election, be re-elected as a director of the Company."*

#### **Item 4: Approval of additional capacity to issue equity securities under ASX Listing Rule 7.1A**

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

*"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, the Company having the additional capacity to issue equity securities under ASX Listing Rule 7.1A on the terms and conditions as detailed in the Explanatory Notes is approved."*

Note: A voting exclusion applies to this resolution (see Explanatory Notes for details).

## ENTITLEMENT TO VOTE

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The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders of the Company as at 7.00pm (ACDT) on Sunday 24 November 2019 (**Entitlement Time**).

This means that if you are not the registered holder of a Share in the Company at the Entitlement Time, you will not be entitled to vote at the Meeting.

## ANNUAL REPORT

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Copies of the Company's full Annual Report may be accessed at our website [www.centrexmetals.com.au](http://www.centrexmetals.com.au) by clicking on the "Investors" tab and then the "Reports" tab.

## VOTING OPTIONS AND PROXIES

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If you do not plan to attend the Meeting in person, you are encouraged to complete and return the Proxy Form which accompanies this Notice of Annual General Meeting.

### Voting by Proxy

A Shareholder who is entitled to attend and vote at this Meeting is entitled to appoint not more than two proxies to attend and vote in place of the Shareholder.

If the Shareholder appoints two proxies, the Shareholder may specify the proportion or number of votes each proxy is entitled to exercise. If no proportion or number of votes is specified, each proxy may exercise half of the Shareholder's votes. If the specified proportion or number of votes exceeds that which the Shareholder is entitled to, each proxy may exercise half of the Shareholder's votes. Any fractions of votes brought about by the apportionment of votes to a proxy will be disregarded.

A proxy need not be a Shareholder of the Company. A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

Subject to the specific proxy provisions applying to Items 2 and 4 (see the Explanatory Notes below):

- if a Shareholder has not directed their proxy how to vote, the proxy may vote as the proxy determines; and
- if a Shareholder appoints the Chair of the Meeting as proxy and does not direct the Chair how to vote on an item of business, the Chair will vote in accordance with the Chair's voting intention as stated in this Notice of Meeting.

### Proxy Voting by the Chair

For Item 2 (Remuneration Report), where the Chair is appointed as a Shareholder's proxy and that Shareholder has

not specified the way in which the Chair is to vote, the Shareholder is directing the Chair to vote in accordance with the Chair's voting intentions for these items of business, even though Item 2 is connected directly or indirectly with the remuneration of Key Management Personnel.

The Chair intends to vote all undirected proxies in favour of all Items in the Notice of Meeting.

## Proxy Forms

To be effective, the Proxy Form must be completed, signed and lodged (together with the relevant original power of attorney or a certified copy if the proxy is signed by an attorney) with the Company's share registry, as an original or by facsimile, **no later than 1.00 pm (ACDT) on Sunday 24 November 2019 (Proxy Deadline)**.

Proxy forms may be submitted in one of the following ways:

- (i) **By mail** to Boardroom Pty Limited using the reply paid envelope or GPO Box 3993, Sydney NSW 2001. Please allow sufficient time so that it reaches Boardroom Pty Limited by the Proxy Deadline;
- (ii) **By fax** to Boardroom Pty Limited on +61 2 9290 9655;
- (iii) **Online** via the Company's Share Registry website at <https://www.votingonline.com.au/centrexagm2019>. Please refer to the Proxy Form for more information; or
- (iv) **By hand delivery** to Boardroom Pty Limited at Level 12, 225 George Street, Sydney NSW 2000

Proxy Forms and Powers of Attorney must be received by the Proxy Deadline.

## CORPORATE REPRESENTATIVES

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Where a shareholding is registered in the name of a corporation, the corporate Shareholder may appoint a person to act as its representative to attend the Meeting by providing that person with:

- (i) a letter or certificate authorising him or her as the corporation's representative, executed in accordance with the corporation's constitution; or
- (ii) a copy of the resolution appointing the representative, certified by a secretary or director of the corporation.

BY ORDER OF THE BOARD



**Christine Manuel**  
Company Secretary  
25 October 2019

## Explanatory Notes

### ITEM 1 – Financial Statements

As required by section 317 of the Corporations Act the Financial Report, Directors' Report and Auditor's Report of the Company for the most recent financial year will be presented at the Meeting. The Financial Report contains the financial statements of Centrex Metals Limited and its subsidiaries.

There is no requirement for a formal resolution on this Item.

The Chair of the Meeting will allow a reasonable opportunity at the Meeting for Shareholders to ask questions about or make comments on the management of the Company. Shareholders will also be given a reasonable opportunity at the Meeting to ask the Company's auditor, KPMG questions about the Auditor's Report, the conduct of its audit of the Company's Financial Report for the financial year ended 30 June 2019, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in its preparation of the financial statements and the independence of KPMG in relation to the conduct of the audit.

Shareholders may submit written questions to the Company in relation to the above matters. Written questions must be received no later than 5.00pm (ACDT) on Monday 18 November 2019.

### ITEM 2 – Adoption of remuneration report

#### Reasons for Resolution

In accordance with section 300A of the Corporations Act the Company has prepared a Remuneration Report for the consideration of Shareholders.

As provided by section 250R(3) of the Corporations Act, the resolution on this item of business is advisory only and does not bind the Board or the Company.

Total remuneration packages for directors and executives of the Group are competitively set to attract and retain appropriately qualified and experienced people. The Remuneration and Nomination Committee assists the Board in setting remuneration strategy.

As detailed more fully in the Remuneration Report, the Board benchmarks remuneration practices against the *AON Hewitt – McDonald, Gold & General Mining Industries* remuneration report with particular reference to companies in the lowest quartile of the data (i.e. those with a similar market capitalisation and with a similar sized workforce) to determine the appropriateness of the remuneration packages paid by the Company. This takes account of trends in comparative companies and the objectives of the Company's remuneration strategy to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders.

#### Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of this resolution.

#### Voting Exclusion Statement

As required by the Corporations Act, the Company will disregard any votes cast on Item 2 by any member of the Company's Key Management Personnel (**Key Management Personnel** or **KMP**) or a Closely Related Party of any such member unless the person:

- (i) votes as a proxy appointed by writing (on behalf of a person who is entitled to vote on this Item 2) that specifies how the person is to vote on Item 2; or
- (ii) is the Chair of the Meeting and votes as a proxy appointed by writing (on behalf of a person who is entitled to vote on this Item 2) that authorises the Chair to vote on the resolution even though that resolution is connected with the remuneration of a member of the Company's KMP.

**What this means for Shareholders:** If you intend to appoint a member of the KMP (such as one of the Directors) as your proxy, please ensure that you direct them how to vote on the proposed resolution in Item 2. If you intend to appoint the Chair of the Meeting as your proxy, you can direct him how to vote by marking the boxes for Item 2 (for example, if you wish to vote for, against or abstain from voting), or you can choose not to mark any of the boxes for Item 2 and give the Chair your express authority to vote your undirected proxy (in which case the Chair will vote in favour of this item of business).

### ITEM 3 – Election of Mr David Klingberg AO

In accordance with the Company's Constitution and the ASX Listing Rules, an election of Directors must be held at each annual general meeting.

Clause 59.4 of the Constitution states that one-third of all Directors (excluding the Managing Director and Directors appointed during the year by the Board) must retire at every annual general meeting and are eligible to stand for re-election. The Directors to retire pursuant to clause 59.4 of the Constitution are the Directors (other than the Managing Director) who have held office the longest since being appointed or last being elected. In the case where Directors were elected on the same day, the Directors to retire are determined by agreement between the Directors, or a ballot.

Mr David Klingberg AO was last appointed by Shareholders on 22 November 2016 and is obliged to retire at the Meeting by virtue of ASX Listing Rule 14.4 and clause 59.4 of the Constitution, and offers himself for re-election.

#### Mr David Klingberg AO

FTSE, D UniSA, B.Tech, FIE Aust, FAus IMM, FAICD, KGSJ

Mr Klingberg has held the role of Independent Non-Executive Chairman since January 2010, having been appointed a non-executive Director in 2005. He has 35 years' experience as a professional engineer with Kinhill Limited including previously spending 10 years as CEO managing professional engineering services to resource developments and other industries. He has extensive experience in the mining industry and Project Manager for the Windarra Nickel project for Poseidon Ltd and was responsible for significant projects for Western Mining Corporation and CRA Limited. He was also a director of the engineering joint venture overseeing the Lihir Gold Project. Mr Klingberg is a former Chancellor of the University of South Australia, retiring in 2008 after holding the position for 10 years. He was formerly the Chairman of Barossa Infrastructure Limited and the Premier's Climate Change Council. Previous directorships include Codan Limited (ASX: CDA), E&A Limited (ASX: EAL) and Snowy Hydro Limited as well as a member of the State Government Boards of Renewables SA and Invest in SA. He is currently a director of Litigation Lending Services Limited. Mr Klingberg is a member of the Company's Audit and Risk Management Committee and the Remuneration and Nomination Committee.

Having had regard to the ASX Corporate Governance Principles and Recommendations (3rd edition) (**ASX Principles**), the Board considers Mr Klingberg to be an independent director.

#### Directors' Recommendation

The Board unanimously (other than Mr Klingberg) supports the election of Mr Klingberg and recommends that Shareholders vote in favour of this resolution.

### ITEM 4 – Approval of additional 10% capacity to issue equity securities under ASX Listing Rule 7.1A

#### General

ASX Listing Rule 7.1A permits eligible entities to seek shareholder approval by special resolution at an Annual General Meeting to issue an additional 10% of its issued capital by way of placements over a 12-month period (**10% Placement Capacity**). The additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

If Shareholders approve the resolution in Item 4, the effect will be to allow the Directors to issue equity securities under ASX Listing Rule 7.1A during the period of 12 months following the Annual General Meeting without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

Item 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

#### Eligibility

An eligible entity under ASX Listing Rule 7.1A is one which (at the date of the relevant annual general meeting) has a market capitalisation of \$300 million or less and is not included in the S&P / ASX 300 Index. The Company is an eligible entity for the purposes of ASX Listing Rule 7.1A.

The Company hereby seeks shareholder approval by way of special resolution to have the ability to issue equity securities under the 10% Placement Capacity.

The exact number of equity securities that may be issued pursuant to the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 which provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12-month period after the date of the annual general meeting, a number of equity securities calculated as follows:

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

Where:

**A** is the number of fully paid ordinary securities on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid ordinary securities issued in the 12 months under an exception in ASX Listing Rule 7.2;
- (ii) plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- (iii) plus the number of fully paid ordinary securities issued in the 12 months with approval of shareholders under ASX Listing Rules 7.1 or 7.4. This does not include an issue of fully paid shares under the Company's 15% placement capacity without shareholder approval;
- (iv) less the number of fully paid ordinary securities cancelled in the 12 months;

Note that **A** has the same meaning in the ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%.

**E** is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary securities under ASX Listing Rules 7.1 or 7.4.

Any equity securities issued under the 10% Placement Capacity must be in an existing quoted class of the Company's equity securities. The Company presently has one class of quoted securities, being Shares (ASX Code: CXM).

If the Company issues any equity securities under the 10% Placement Capacity, the entity must, pursuant to ASX Listing Rules 7.1A.4 and 3.10.5A:

- (a) give to the ASX a list of the names of persons to whom the Company allotted equity securities and the number of equity securities caused to be allotted to each (but this list is not required to be released to the market); and
- (b) disclose to the market the details of the dilution to the existing holders of ordinary securities caused by the issue; where the equity securities are issued for cash consideration, a statement of the reasons why the eligible entity issued the equity securities as a placement rather than as a pro rata issue; the details of any underwriting arrangements and fees payable to the underwriter; and any other fees or costs incurred in connection with the issue.

#### Required information

The following information is provided to Shareholders to allow them to assess the resolution in Item 4, including for the purposes of ASX Listing Rule 7.3A.

#### Minimum price

Any equity securities issued by the Company Under Listing Rule 7.1A can only be issued at a price that is no less than 75% of the volume weighted average market price for securities in that class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (a) the date on which the price at which the securities are to be issued is agreed; or
- (b) the date on which the securities are issued if the securities are not issued within five trading days of the date on which the issue price is agreed.

#### Dilution to existing Shareholders

If the resolution in Item 4 is approved by Shareholders and the Company issues securities under the 10% Placement Capacity, the additional economic and voting interests in the Company will be diluted. There is a risk that the market price of the Company's securities may be significantly lower on the issue date than on the date of the Annual General Meeting and the securities may be issued at a price that is at a discount to the market price on the issue date.

The table below shows a number of hypothetical scenarios for a 10% placement as required by ASX Listing Rule 7.3A.2 where the number of the Company's shares on issue (variable "A" in the formula in ASX Listing Rule 7.1A.2) has remained current or increased by either 50% or 100% and the share price has decreased by 50%, remained current or increased by 100% based on the closing share price on ASX at 2 October 2019.

Number of shares on issue at 2 October 2019 Variable "A"	Additional 10% Dilution - Shares issued & funds raised	Dilution		
		\$0.0525 Issue price at half current market price	\$0.1050 Issue price at current market price	\$0.2100 Issue price at double current market price
<b>315,685,357</b> Current Variable A (see below assumptions)	Shares issued	31,568,535	31,568,535	31,568,535
	Funds raised	\$1,657,348	\$3,314,696	\$6,629,392
<b>473,528,035</b> 50% increase in current Variable A	Shares issued	47,352,803	47,352,803	47,352,803
	Funds raised	\$2,486,022	\$4,972,044	\$9,944,089
<b>631,370,714</b> 100% increase in current Variable A	Shares issued	63,137,071	63,137,071	63,137,071
	Funds raised	\$3,314,696	\$6,629,392	\$13,258,785

The dilution table uses the following assumptions which the Company does not represent will necessarily occur:

- (a) the "issue price at current market price" is the closing price of the shares on ASX on 2 October 2019;
- (b) Variable A is 315,685,357 which equates to the number of current shares on issue at 2 October 2019;
- (c) the Company issues the maximum number of securities available under the additional 10% placement;
- (d) the table shows only the effect of issues of securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1;
- (e) no retention rights or performance rights vest, before the date of issue of equity securities;
- (f) the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
- (g) the table does not show an example of dilution that may be caused to a particular Shareholder by reason of the placements under ASX Listing Rule 7.1A, based on that Shareholder's holding at the date of the Annual General Meeting; and
- (h) funds raised are before any capital raising costs which may be incurred.

#### 10% Placement Period

Shareholder approval under ASX Listing Rule 7.1A is valid from the date of the Annual General Meeting until the earlier of:

- (a) 12 months after the Annual General Meeting; or
- (b) the date of approval by Shareholders of a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or ASX Listing Rule 11.2 (disposal of main undertaking).

#### Purpose of 10% additional placement

The Company may seek to issue securities under the 10% placement for either:

- (a) cash consideration. The Company may use the funds for project development, working capital, investing activities (including possible complementary business acquisitions if any are identified and approved by the Board), meet financing commitments or capital management activities deemed by the Board to be in the best interests of the Company; or
- (b) non-cash consideration for transactions deemed by the Board to be in the best interests of the Company. In such circumstances the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the securities complies with ASX Listing Rule 7.1A.3.

The Company will comply with any disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon the issue of any securities under ASX Listing Rule 7.1A.

## Allocation policy

The Company's allocation policy is dependent upon the prevailing market conditions at the time of any proposed issue pursuant to the 10% placement. The identity of allottees of equity securities will be determined on a case by case basis having regard to factors including but not limited to the following:

- (a) the methods of raising funds that are then available to the Company;
- (b) the effect of the issue of the equity securities on the control of the Company;
- (c) the financial situation and solvency of the Company; and
- (d) advice from professional and corporate advisers (if applicable).

Allottees under the 10% placement have not been determined as at the date of this Notice of Meeting and may include existing and/or new Shareholders but cannot include any related parties or associates of a related party of the Company.

## Information provided for compliance with ASX Listing Rule 7.3A.6

The Company last obtained shareholder approval under ASX Listing Rule 7.1A at the 2018 Annual General Meeting.

The Company issued, in the 12 months preceding the date of the Meeting, a total of 1,500,000 equity securities, representing 0.56% of the total number of equity securities on issue at the commencement of that 12 month period.

Details of the equity securities the Company has issued in the 12 month period preceding the date of the Meeting are set out in the table below. These share rights were issued in accordance with Exception 9 to Listing Rules 7.1 and 7.1A, having been issued pursuant to the Centrex Metals Limited Incentive Rights Plan approved at the 2018 Annual General Meeting.

Date of issue	Allottee/s	Equity Security	Number of Equity Securities	Price (and discount to market if any)	Key terms
8 April 2019	CEO	Retention Rights (unquoted)	750,000	\$0.00 / 100%	Grant of retention rights – nil exercise price, vesting subject to continuation of employment as at 2/4/21.
8 April 2019	CEO	Performance Rights (unquoted)	750,000	\$0.00 / 100%	Grant of performance rights - nil exercise price and the performance vesting conditions as outlined in Appendix 3B of 8 April 2019.

## Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A

When the Company issues equity securities pursuant to the 10% Placement Capacity, it will give ASX:

- (a) a list of the names of the persons to whom the Company issues the equity securities and the number of equity securities allotted to each (not for release to the market), in accordance with ASX Listing Rule 7.1A.4; and
- (b) the information required by ASX Listing Rule 3.10.5A for release to the market.

## Voting exclusion statement

The Company will disregard any votes cast in favour of Item 4 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of the proposed issue of securities, except a benefit solely by reason of being a holder of ordinary securities, and any associates of the aforementioned persons.

However, the Company need not disregard any votes if:

- it is cast as proxy for a person entitled to vote, in accordance with directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

At the date of the Notice of Meeting, the Company has not invited and has not determined to invite any particular existing Shareholder or an identifiable class of existing Shareholder to participate in an offer under ASX Listing Rule 7.1A. Accordingly, no existing Shareholder will be excluded from voting on this Item 4.

## Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of the resolution in Item 4.

## GLOSSARY

**10% Placement Capacity** has the meaning given in Item 4 of the Notice.

**2018 AGM** means the annual general meeting of the Company held on 28 November 2018.

**2019 AGM** means the annual general meeting of the Company held on 26 November 2019.

**A\$ or \$** means Australian dollars.

**ACDT** means Australian Central Daylight Savings Time as observed in Adelaide, Australia.

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

**ASX** means ASX Limited ACN 008 624 691.

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

**ASX Principles** means the ASX Corporate Governance Principles and Recommendations (3rd edition).

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

**Closely Related Party** has the meaning as defined in section 9 of the Corporations Act.

**Company** means Centrex Metals Limited ACN 096 298 752.

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

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

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

**Eligible Entity** means an entity that at the date of the Meeting:

- (a) is not included in the A&P/ASX 300 Index; and
- (b) has a market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of A\$300,000,000.

**Entitlement Time** means 7.00pm (ACDT) on Sunday 24 November 2019.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, an Incentive Right, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Notes** means the Explanatory Notes accompanying and forming part of the Notice.

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

**Key Management Personnel** (or **KMP**) has the meaning as defined in section 9 of the Corporations Act.

**Notice or Notice of Meeting or Notice of Annual General Meeting** means this notice of annual general meeting and the Explanatory Notes accompanying the Notice and the Proxy Form.

**Proxy Deadline** means 1.00 pm (ACDT) on Sunday 24 November 2019.

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

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

**Remuneration Report** means the remuneration report set out in the Directors' Report section of the Company's annual financial report for the year ended 30 June 2019.

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

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