



Metal Bank Limited
(ACN 127 297 170)

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Statement and Proxy Form

Time: 12 noon

Date: 30 November 2018

Place: Boardroom of RSM Bird Cameron Partners at Level 13, 60 Castlereagh Street, Sydney NSW 2000

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Metal Bank Limited
ACN 127 297 170
Registered Office: Level 5, 50 Clarence St, Sydney NSW 2000

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of Metal Bank Limited ACN 127 297 170 (Metal Bank or Company) will be held at 12pm (AEDT) on Friday, 30 November 2018 at the Boardroom of RSM Bird Cameron Partners at Level 13, 60 Castlereagh Street, Sydney NSW 2000.

BUSINESS OF THE MEETING

1. Financial Statements and Reports

To receive and consider the financial report of the Company together with the related reports of the Directors (including the Remuneration Report) and the auditor's report for the year ended 30 June 2018.

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

2. Resolution 1: Adoption of Remuneration Report

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

"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report."

The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 1 by a member of the Key Management Personnel (KMP) details of whose remuneration are included in the Remuneration Report, or a closely related party of such member, unless the vote is cast as proxy on behalf of a person who is entitled to vote on this resolution, and that vote has been cast:

- in accordance with the directions on the proxy appointment form; or
- by the person chairing the meeting, in accordance with a direction on the proxy form to vote as the proxy decides, even if the Resolution is connected directly or indirectly with the remuneration of a member of the KMP.

3. Resolution 2: Re-election of Director – Guy Robertson

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

"That, for the purpose of clause 11.1(c) of the Constitution and for all other purposes, Mr Robertson, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. Resolution 3 – Approval of Performance Rights Plan

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

"That for the purposes of ASX Listing Rule 7.2 Exception 9(b) and for all other purposes, Shareholders approve the Performance Rights Plan, and the grant of performance rights and issue of Shares on vesting of performance rights under the Performance Rights Plan, on the terms and conditions set out in the Explanatory Memorandum"

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 4 by the following persons and any of their respective Associates:

- any director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the entity); and
- a member of the Key Management Personnel and closely related parties of such members, provided that the Company will not disregard a vote if:
 - it is cast by a person as proxy for a member who is entitled to vote, in accordance with the directions on the proxy appointment 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, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

5. Resolution 4 – Replacement of Constitution

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

“That for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chair of the meeting for identification purposes”

6. Resolution 5 – Approval of 10% Placement Capacity

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

“That for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to 10% of the Company’s issued share capital (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 on the terms and conditions set out in the Explanatory Statement”.

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution xx by the following persons and any of their respective Associates:

- any person who may participate in the proposed issue; and
- any person who might obtain a benefit (other than a benefit solely in the capacity of a holder of ordinary shares) if the Resolution is passed,

provided that the Company will not disregard a vote if:

- it is cast by a person as proxy for a member who is entitled to vote, in accordance with the directions on the proxy appointment 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, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

Majority Required:

Resolutions 1, 2 and 3 are ordinary resolutions and will be passed if more than 50% of the votes cast by Shareholders entitled to vote on the Resolutions are cast in favour of the Resolutions.

Resolutions 4 and 5 are special resolutions and therefore require 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).

Dated 28 October 2018

BY ORDER OF THE BOARD



Sue-Ann Higgins
Company Secretary

Notes

1. **Record Date:** The Directors of the Company have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 12 noon (AEDT) on Wednesday, 28 November 2018.
2. **Voting and Proxies**
 - a. Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
 - b. A Shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of the Shareholder by completing, signing and returning the enclosed Proxy Form by the time and in accordance with the instructions set out in the Proxy Form.
 - c. A proxy must be signed by the Shareholder or his or her attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with corporation's constitution and Corporations Act
 - d. Where the Shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
 - e. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholders votes each proxy may exercise half of the votes. Any fractions of votes brought about by the apportionment of a proxy will be disregarded.
 - f. A proxy need not be a Shareholder.
 - g. Any instrument of proxy deposited or received at the registered office of the Company in which the name of the appointee is not filled in, will be deemed to be given in favour of the chairman of the Meeting.
 - h. If voting boxes are not completed in the instrument of proxy, they proxy may vote as they choose on that item.
 - i. If the Chairman of the meeting is appointed proxy (or he becomes proxy by default), and the boxes 'for', 'against' or 'abstain' opposite the items for resolutions are not completed, this will be deemed an express authorisation for the Chairman to exercise the proxy as the Chairman sees fit, including in relation to item 1 (Adoption of the Remuneration Report) or any other item connected directly or indirectly with the remuneration of a member of the Key Management Personnel, even though the Chairman is, and those items are, connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Metal Bank Group. The Chairman intends to vote all undirected and available proxies in favour of each item of business, subject to any voting exclusions that apply to the proxy (as described below). Shareholders will be informed of the proxy position at the meeting.
 - j. To be effective, Proxy Forms must be received by the Company (by mail, facsimile or email as detailed on the Proxy Form) no later than 12 noon on 28 November 2018.
3. **Corporate Representative:** Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority must be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.
4. **Questions:** At the meeting, the Chairman will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on, the management of the Company and on the Remuneration Report. Shareholders will also be given a reasonable opportunity at the meeting to ask the Company's auditor, RSM Bird Cameron Partners, questions about the content of its report, and the conduct of its audit of the Company, for the year.

EXPLANATORY STATEMENT

Introduction

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Annual General Meeting.

1. Financial Statements and Reports

The business of the meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2018, together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the annual financial report to Shareholders unless specifically requested to do so. An electronic copy of the annual financial report is available on the Company's website: www.metalbank.com.au

While no resolution is required in relation to this item, Shareholders will be given the opportunity to ask questions and make comments on the financial statements and reports. The Company's auditor, RSM Bird Cameron Partners, will be present at the Meeting and Shareholders will have an opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies and the independence of the auditor.

2. Resolution 1 – Adoption of Remuneration Report (non-binding vote)

2.1 Background

Section 250R(3) of the Corporations Act 2001 requires that a resolution to adopt the Remuneration Report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Company's 2018 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act 2001, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the Remuneration Report at the Annual General Meeting.

Under the Corporations Act 2001 if twenty five (25%) per cent or more of votes that are cast are voted against the adoption of the Remuneration Report at each of two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

At the Company's last Annual General Meeting, the votes cast against the Remuneration Report represented less than twenty five (25%) per cent of the total votes cast, and accordingly, a spill resolution will not be required to be put at this Meeting.

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

1.2 Board Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company and, Directors are excluded from voting on this resolution, the Board recommends that shareholders vote in favour of Resolution 1 to adopt the Remuneration Report. The Chairman will vote undirected proxies in favour of Resolution 1.

3. Resolution 2 – Re-election of Director – Guy Robertson

3.1 Background

The Constitution of the Company requires that, at every Annual General Meeting, at least one Director shall retire from office and, provided that such Director is eligible for re-election at the meeting, may offer himself or herself for re-election.

Pursuant to rule 11.1(c) of the Company's Constitution, Mr Guy Robertson retires at the 2018 Annual General Meeting but, being eligible, offers himself for re-election.

A brief profile of Mr Robertson is set out in the Annual Report of the Company.

3.2 Board Recommendation

The Board (with Mr Robertson abstaining), recommends that Shareholders vote in favour of the re-election of Mr Robertson. The Chair intends to vote undirected proxies in favour of Ms Scotland's re-election.

4. Resolution 3 – Approval of Performance Rights Plan

4.1 Background

This special resolution seeks Shareholder approval of the Metal Bank Performance Rights Plan (***the Rights Plan***) and issue of securities under the Rights Plan. The Rights Plan was first approved by Shareholders at the Annual General Meeting held on 30 November 2012 and subsequently approved by shareholders at the Annual General Meeting of the Company held on 12 November 2015.

ASX Listing Rule 7.1 restricts the number of securities a listed entity can issue without shareholder approval. However, ASX Listing Rule 7.2 sets out a number of exceptions to ASX Listing Rule 7.1. ASX Listing Rule 7.2 Exception 9(b) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if within three years before the date of issue holders of ordinary securities have approved the issue of securities under the employee incentive scheme as an exception to ASX Listing Rule 7.1.

The first issue of Performance Rights under the Rights Plan was 4,000,000 Performance Rights to directors of the company, all of which lapsed prior to vesting.

Subsequent issues of Performance Rights have been as follows:

Year	Number Issued	Status
2015	6,355,932 Rights were issued to Mr Tony Shreck, the Managing Director	1,271,186 shares were issued on 11 April 2016 upon partial vesting of the Rights. The balance of the 2015 Rights lapsed
2016	3,402,667 Rights were issued to the Managing Director and senior personnel	1,422,667 Shares were issued on 4 September 2017 upon partial vesting of the Rights. The balance of the 2016 Rights lapsed.
2017	3,737,184 Rights were issued to the Managing Director and senior personnel	1,254,585 Shares were issued on 20 September 2018 upon partial vesting of the Rights. The balance of the 2017 Rights lapsed.

4.2 Rights Plan Summary

A summary of the Rights Plan is provided below. Capitalised terms used in the following summary are as defined in this Explanatory Memorandum or in Schedule 1.

Eligibility

The Board, or a delegation of the Board (**Plan Committee**) may make offers to eligible executives to be granted Performance Rights in accordance with the Plan. To be eligible to be issued Performance Rights, a person must be a full or part time employee, contractor or consultant (approved by the Board) of Metal Bank or any subsidiary of Metal Bank (**Group Company**) or a Director (**Eligible Participant**). On the issue of a Performance Right to an Eligible Participant, the Eligible Participant becomes a participant (**Participant**). Participants will be able to exercise Performance Rights in order to have Shares issued to them.

Offer

No Performance Rights may be issued to a person under the Plan unless the person remains an Eligible Participant as at the date of issue.

The Board, or Plan Committee, will determine:

- (a) the number of Performance Rights to be offered to an Eligible Participant;
- (b) the exercise price (if any) which the holder of a Performance Right must pay to the Company upon its exercise (**Exercise Price**);
- (c) the performance conditions applicable to each Performance Right that must be satisfied before a Performance Right may vest (**Performance Condition**);
- (d) the period for satisfaction of the Performance Conditions (**Performance Period**); and
- (d) any exercise conditions in respect of a Performance Right.

The Board, or Plan Committee, has the discretion to reduce or waive any exercise conditions attaching to Performance Rights.

Plan Limit

No grant of a Performance Right may be made under the Plan if the number of unissued Shares the subject of the Performance Right grant when aggregated with:

- (i) the number of Shares which would be issued were each outstanding offer with respect to Shares, and any other offer for units of Shares, Performance Rights and options to acquire unissued Shares, being an offer made or option or right acquired pursuant to the Plan or any other employee share or option or rights scheme extended only to employees or directors of the Company or an Associated Body Corporate, to be accepted or exercised; and
- (ii) the number of Shares issued during the previous five years pursuant to the Plan or any other employee share or option scheme extended only to employees or directors of the Company or an Associated Body Corporate;

but disregarding any offer made, or option or right acquired or Share issued by way of or as a result of:

- (iii) an offer to a person situated at the time of receipt of the offer outside Australia;
- (iv) an offer that did not need disclosure to investors because of section 708 of the Corporations Act;
- (v) an offer that did not require the giving of a Product Disclosure Statement (as defined in Chapter 7 of the Corporations Act) because of section 1012D of the Corporations Act; or
- (vi) an offer made under a disclosure document or Product Disclosure Statement,

would exceed 5% of the total number of issued Shares as at the time of the grant of the Performance Right.

Vesting of Performance Rights

A Performance Right granted under the Rights Plan (which has not otherwise lapsed) will vest if all Performance Conditions (if any) applicable to that Performance Right have been satisfied or waived by the Board, or otherwise in the discretion of the Board.

Exercise of Performance Rights

No Performance Right may be exercised unless the Performance Right has vested.

Upon receiving notice from the Board, or Plan Committee, that a Performance Right held by the Participant has vested:

- (a) the Participant will be deemed to have immediately validly exercised all vested Performance Rights to the extent that such Performance Rights do not require payment of an Exercise Price; or
- (b) where an Exercise Price is payable, the Participant will be entitled to exercise the Performance Right so vested provided that the following conditions are satisfied:
 - (i) the Performance Right has not lapsed;
 - (ii) the Performance Right is exercised during the Exercise Period for that Performance Right;
 - (iii) the relevant Performance Conditions (if any) for the Performance Right have been satisfied; and
 - (iv) the Participant exercises a specified number of Performance Rights.

Lapse of Performance Rights

The Performance Right lapses on the earlier of:

- (a) the exercise of the Performance Right;
- (b) the end of the Performance Period in the event the Performance Conditions have not been met;
- (c) a determination of the Board, or Plan Committee, of misconduct by the Participant (including fraudulent or dishonest behaviour, or behaviour which is in breach of the Participant's obligations to the Company);
- (d) unless otherwise determined by the Board, when the Participant dies;
- (e) unless otherwise determined by the Board, on the termination of Participant's employment with the Company (in this case, the Performance Right will lapse at the end of the Exercise Period); or
- (f) where the Participant purports to trade a Performance Right in breach of the terms of the Rights Plan.

Transfer of Performance Rights

A Performance Right granted under the Rights Plan must not be traded unless:

- (a) the prior written consent of the Board is obtained;
- (b) by force of law upon death to the Participant's legal personal representative or upon bankruptcy to the Participant's trustee in bankruptcy.

A Performance Right may, with the written approval of the Board, be exercised by the legal personal representative of the Participant in the event of the Participant's death.

Restrictions on the disposal of Shares

The Board may determine, in its discretion, whether Shares acquired pursuant to an exercise of Performance Rights will be subject to any restrictions (**Restricted Shares**), which may include that Shares must not be disposed of or dealt with in any way by that Participant until the earlier of any one or more of the following:

- (a) the date six months after the date on which a Participant ceases to be employed by a Group Company;
- (b) the date on which a change of control event occurs;
- (c) the day immediately following the date on which the Rights Plan is suspended or terminated;
- (d) a date otherwise determined by the Board, in its sole discretion, in respect of that Participant;
- (e) the date on which a request by a holder of Restricted Shares to withdraw all or a portion of those Shares from the Plan, is approved by the Board; and/or
- (f) the seventh anniversary of the date of grant of the Performance Right pursuant to which the Participant acquired the relevant Share.

The Board's current policy for the purposes of the Rights Plan, is that where employees routinely in possession of inside information (a **Restricted Employee**) are issued Shares granted upon vesting of Performance Rights, those Shares will be subject to a holding lock for a period of two years (**Restriction Period**) and may not be sold or otherwise disposed of during that Restriction Period. Shares may only be released from the holding lock during the Restriction Period:

- upon the Restricted Employee ceasing employment with the Company;
- upon a Change of Control event regarding the Company; or
- in limited Special Circumstances, such as serious injury, illness, financial hardship and/or natural disaster.

Upon expiry of the holding lock period, any disposal of the Shares will then be subject to observance of the Company's Share Trading Policy in dealing with Shares.

Amendment of Rules

Subject to the ASX Listing Rules, the Board may amend the Rules of the Performance Plan.

4.3 Inspection of the Plan

Please contact the Company Secretary if you would like to inspect a full copy of the Plan.

4.4 Directors' Recommendation

The Directors may participate in the Rights Plan (subject to Shareholder approval). Accordingly, the Directors make no recommendation to Shareholders in respect of voting on Resolution 3.

5. Resolution 4 – Replacement of Constitution

5.1 Background

This special resolution seeks Shareholder approval to replace the Company's existing Constitution with a replacement Constitution (**Proposed Constitution**).

The Company's Constitution was adopted in 2007. Since then the Company has undergone considerable change and, in addition, material changes have been made to the Corporations Act and the Listing Rules. There have also been a number of developments in corporate governance practices.

A review of the Constitution has been conducted, as a result of which the Board believes that it should be brought up to date with the current provisions of the Corporations Act and the Listing Rules. In addition, the Board considers that numerous provisions in it should be brought into line with corporate governance best practices.

Rather than make extensive amendments to the existing Constitution, the Board believes that it is preferable to repeal it and adopt an up-to-date replacement Constitution.

The Proposed Constitution has been approved by the ASX for Listing Rule consistency purposes. The Proposed Constitution differs from the existing Constitution in a number of ways, many of which are technical or relatively minor in nature. There have been no fundamental changes to shareholders rights, such as the rights to vote and participate in dividends. A brief overview of the material differences between the existing Constitution and the Proposed Constitution is set out in the table below.

This overview is not exhaustive and does not identify all of the differences between the existing and Proposed Constitutions. Copies of the existing Constitution and the Proposed Constitution are available at www.metalbank.com.au, on the Corporate Governance page. A copy of the Proposed Constitution, signed by the Chairman for the purposes of identification, will also be tabled at the Meeting. Please contact the Company Secretary on info@metalbank.com.au should you require a hard copy of the Constitution to be sent to you.

5.2 Overview of material differences between existing Constitution and the Proposed Constitution

General Update

The Proposed Constitution generally updates the various provisions in a variety of respects to reflect industry best practice, the Corporations Act and the Listing Rules in a form approved by the ASX.

Fee for registration of off market transfers

ASX Listing Rule 8.14.1 allows a Company to now charge a “reasonable fee” for registering paper based transfers, sometimes referred to as “off-market transfers”. Clause 9.2 of the Proposed Constitution allows the Company to charge a reasonable fee when it is required to register such transfers.

Reserves and Dividends

The Proposed Constitution will provide further clarity around the payment of dividends and to enable the setting aside of reserves and provisions from any source permitted by law. The Board also has greater flexibility in relation to the payment of dividends and to give effect to authorised reductions of capital or any capitalisation of profits.

Partial (proportional) takeover provisions

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder’s shares.

Pursuant to section 648G of the Corporations Act, the Company has included in clause 34 of the Proposed Constitution provisions whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of the last renewal of that clause.

Information required by section 648G of the Corporations Act

Effect of the proposal proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provision have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholder include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

Board Recommendation regarding the proportional takeover provisions

The Directors do not believe that the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Replacement Constitution is in the interest of Shareholders.

5.3 Board Recommendation

The Board is of the view that the Proposed Constitution reflects the current provisions of the Corporations Act and the Listing Rules and is in line with corporate governance best practices. Accordingly, the Board unanimously recommends that Shareholders approve Resolution 4.

6. Resolution 5 – Approval of 10% Placement Capacity

6.1 Background

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities (as that term is defined in the Listing Rules) up to 10% of its issued capital through placements over a twelve month period after the Annual General Meeting (10% Placement Facility). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The effect of Resolution 5 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the twelve month period after the Annual General Meeting (**10% Placement Period**) separate to the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 5 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).

The exact number of Equity Securities (if any) to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1.A.2 (refer to section 7.2(c) below). The Company may use funds raised from any 10% Placement Facility for funding specific projects and/or general working capital. It may also use the 10% Placement Facility for non-cash consideration purposes such as joint venture or project acquisitions (although the Company presently has no intention to do so).

6.2 ASX Listing Rule 7.1.A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has one existing quoted class of Equity Securities being Shares.

(c) Formula for calculating 10% Placement Facility

ASX Listing Rule 7.1A.2 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 in accordance with the following formula:

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

A is the number of shares on issue 12 months before the date of the issue or agreement:

- (i) plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
- (ii) plus the number of partly paid shares that became fully paid in the 12 months;
- (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rules 7.1 and 7.4;
- (iv) less the number of fully paid shares cancelled in the 12 months.

Note: that A is has the same meaning in 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 the issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rules 7.1 or 7.4.

(d) ASX Listing Rule 7.1 and ASX Listing Rule 7.1A

The ability of an entity to issue Equity Securities under ASX Listing Rule 7.1A is in addition to the entity's 15% placement capacity under ASX Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to section 7.2(c) above).

(e) Minimum Issue Price

The issue price of Equity Securities issued under ASX Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

6.3 Specific Information required by ASX Listing Rule 7.3A

Pursuant to and in accordance with ASX Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

(a) Minimum Price

Any Equity Securities issued will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) Risk of Voting Dilution

If Resolution 5 is approved by the Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company would be diluted as shown in the below table (in the case of unlisted options, only if the unlisted options are exercised). There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the market price of Shares as at close of business on 16 October 2018 (\$0.012) and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A(2) as at the date of this Notice of Meeting.

The table also shows:

- (i) two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary shares the Company has on issue as at the date of this Notice of Meeting. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro-rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in ASX Listing Rule 7.1A.2		Dilution		
		50% decrease in Deemed Price \$0.006	Deemed Price \$0.012	100% Increase in Deemed Price \$0.024
Current Variable A 882,864,297 Shares	10% Voting Dilution	88,286,429 Shares	88,286,429 Shares	88,286,429 Shares
		\$529,719	\$1,059,437	\$2,118,874
50% increase in current Variable A 1,324,296,446 shares	10% Voting Dilution	132,429,644 Shares	132,429,644 Shares	132,429,644 Shares
	Funds Raised	\$794,578	\$1,589,156	\$3,178,311
100% increase in current Variable A 1,765,728,594 Shares	10% Voting Dilution	176,572,859 Shares	176,572,859 Shares	176,572,859 Shares
	Funds Raised	\$1,059,437	\$2,118,874	\$4,237,749

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum securities available under the ASX Listing Rule 7.1A being 10% of the Company's shares on issue at the date of the Meeting;
- (ii) No unlisted options are exercised into fully paid ordinary securities before the date of the issue of securities under ASX Listing Rule 7.1A. The Company has 182,768,285 unlisted Options on issue at the date of this Notice of Meeting;
- (iii) The table does not demonstrate an example of dilution that may be caused to a particular shareholder by reason of placements under ASX Listing Rule 7.1A, based on that shareholder's holding at the date of the Meeting;
- (iv) The table only demonstrates the effect of issues of securities under ASX Listing Rule 7.1A. It does not consider placements made under ASX Listing Rule 7.1, the "15% rule";
- (v) The price of ordinary securities is deemed for the purposes of the table above to be \$0.012, being the closing price of the Company's listed securities on ASX on 16 October 2018 (**Deemed Price**). The Deemed Price is indicative only and does not consider the 25% discount to market that the securities may be placed at;
- (vi) The Variable "A" is based on the number of ordinary shares the Company has on issue as at the date of this Notice of Meeting. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro-rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (vii) The table does not demonstrate the effect of listed options being issued under ASX Listing Rule 7.1A, it only considers the issue of the fully paid ordinary securities.

(c) Date of Issue

The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 5 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve 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).

(d) Purpose of Issue under the 10% Placement Capacity

The Company may seek to issue the Equity Securities for the following purposes:

- (i) non-cash consideration for joint venture, licensing or collaboration agreements or the acquisition of new projects (although the Company presently has no proposal to do so). In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards advancing specific Company projects, and in particular the Triumph project, its other Australian exploration projects and general working capital.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) Allocation Policy

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

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The subscribers under the 10% Placement Facility have not been determined as at the date of this Notice of Meeting but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company were to pursue an acquisition and were it to be successful in acquiring new resources assets or investments, it is possible that the subscriber under the 10% Placement Facility will be the vendors of the new resources assets or investments.

(f) Previous Approval

The Company previously obtained Shareholder approval under ASX Listing Rule 7.1A at its Annual General Meeting held on 27 November 2017.

The Company did not place any shares under 7.1A during the 12 months following the 2017 Annual General Meeting.

The total number of Equity Securities issued in the 12 months preceding 16 October 2018 is 169,022,870 and the percentage they represent of the total number of equity securities on issue at the commencement of that 12 month period is 23.68%.

Details of all issues of equity securities by the Company during the 12 months preceding 16 October 2018 are set out in Appendix 1.

6.4 Directors' Recommendation

The Directors unanimously recommend Shareholders vote in favour of Special Resolution 5.

In this Explanatory Statement and Notice of General Meeting:

AEDT means Australian Eastern Daylight Savings Time, in Sydney, New South Wales.

Annual Report means the Directors' Report, the Financial Report, and Auditor's Report, in respect of the year ended 30 June 2018.

ASIC means Australian Securities and Investments Commission.

Associated Body Corporate means:

- (a) a related body corporate of the Company, within the meaning of section 50 of the Corporations Act;
- (b) a body corporate that has voting power in the Company of not less than 20%; or
- (c) a body corporate in which the Company has voting power of not less than 20%

where 'voting power' has the meaning in section 610 of the Corporations Act.

Associates has the meaning given by Sections 10 to 17 of the Corporations Act.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange as the context requires.

ASX Listing Rules means the listing rules of the ASX.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of directors of the Company.

Business Day means a day (not being a Saturday or Sunday) on which Australian banks (as defined in section 9 of the Corporations Act) are open for general banking business in the capital city of the State.

Chair means the person appointed to chair the Meeting of the Company convened by the Notice.

Closely Related Party means:

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

Company, MBK or Metal Bank means Metal Bank Limited (ACN 127 297 170).

Constitution means the Constitution of the Company.

Corporations Act means *Corporations Act 2001* (Cth)

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Security has the same meaning as in the Listing Rules.

Explanatory Statement means the explanatory statement which forms part of the Notice.

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

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

Key Management Personnel or **KMP** means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

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

Option means an option to subscribe for a Share.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report which forms part of the Director's Report for the financial year ended 30 June 2018 and which is set out in the Annual Report.

Resolution mean a resolutions set out in the Notice.

Share or **Shares** means fully paid ordinary share or shares in the capital of the Company.

Shareholder means a holder of a Share.

State means the State of New South Wales in the Commonwealth of Australia.

VWAP means the volume weighted average price of the Shares for a specified time period during which the Shares were traded on the ASX.

Appendix 1 - Information required by Listing Rule 7.3A.6

	Issue 1	Issue 2	Issue 3
Date of issue:	24/11/2017	29/11/17	20/9/2018
Number issued:	88,035,097 ordinary shares and 88,035,097 options exercisable at 3 cents on or before 24 May 2019	79,733,188 ordinary shares; and 79,733,188 Options exercisable at 3 cents on or before 24 May 2019, comprising: <ul style="list-style-type: none"> - 54,733,188 shortfall shares and options from the Rights Issue announced on 1 November 2017; and - 25,00,000 placement shares and options issued to sophisticated and professional investors. 	1,254,585
Class/Type of equity security:	Ordinary shares and options	Ordinary shares and Options	Ordinary shares
Summary of terms:	Ordinary Shares are equal to all ordinary shares Options are unlisted and exercisable at 3 cents on or before 24 May 2019	Ordinary Shares are equal to all ordinary shares Options are unlisted and exercisable at 3 cents on or before 24 May 2019	Equal to all ordinary shares
Names of persons who received securities or basis on which those persons was determined:	Shareholders who participated in the Rights Issue	Various sophisticated and professional investors nominated by the Underwriter to the Rights Issue	Anthony Schreck; Sue-Ann Higgins; Trevor Wright
Price:	2 cents per share No consideration was paid for the options	2 cents per share No consideration was paid for the options	Deemed 2.77 cents per share
Discount to market price (if any):	The offer price of 2 cents under the Rights Issue represented a 20.3% discount to the 30 day VWAP as at the date of the Rights	The offer price of 2 cents under the Rights Issue represented a 20.3% discount to the 30 day VWAP as at the date of the Rights	None

	Issue 1	Issue 2	Issue 3
	Issue Prospectus (being 1 November 2017)	Issue Prospectus (being 1 November 2017)	
Total cash consideration received:	\$1,760,702	\$1,594,664	None – issue of shares upon partial vesting of performance rights granted to employees and consultants under the Metal Bank Performance Rights Plan
Amount of cash consideration spent:	\$910,751	Nil	N/A
Use of cash consideration:	The Company's exploration programs, working capital and corporate costs	N/A	N/A
Intended use for remaining amount of cash (if any):	As above	The Company's exploration programs, working capital and corporate costs	N/A
Non-cash consideration paid:	Nil	Nil	\$34,752
Current value of that non-cash consideration:	Nil	Nil	\$15,055

AGM Registration Card

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

[ReplaceNoImages]

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

[HolderNumber]

Holder Number:
[HolderNumber]

Vote by Proxy: MBK

Your proxy voting instruction must be received by **12.00noon (AEDT) on Wednesday 28th November 2018**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

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

Joint holding: Where the holding is in more than one name, all of the Shareholders 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 Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



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