



ABN 73 149 230 811

**NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY STATEMENT
PROXY FORM**

Date of Meeting

14 November 2014

Time of Meeting

10.30am (WST)

Place of Meeting

RSM Bird Cameron
8 St Georges Terrace
PERTH WA 6000

YOUR ANNUAL REPORT IS AVAILABLE ONLINE, SIMPLY VISIT:

www.metallum.com.au/annualreport

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Shareholders of Metallum Limited ABN 73 149 230 811 (**Company**) is to be held on Friday 14 November 2014 at RSM Bird Cameron, 8 St Georges Terrace, Perth, Western Australia, commencing at 10.30am (WST) for the purpose of transacting the following business referred to in this Notice of Annual General Meeting (Notice).

Terms and abbreviations used in this Notice and accompanying Explanatory Statement are defined in the Glossary to the Explanatory Statement.

The Explanatory Statement that accompanies and forms part of this Notice describes the matters to be considered at this Meeting.

Time and Place of Meeting

Notice is given that the Meeting will be held at 10.30am (WST) on Friday, 14 November 2014 at:

RSM Bird Cameron
8 St Georges Terrace
PERTH WA 6000

ORDINARY BUSINESS

Financial Statements – Year ended 30 June 2014

To receive and consider the annual financial report of the Company for the year ended 30 June 2014 including the Directors' report and the auditor's report as set out in the Company's Annual Report.

Resolution 1 – Non Binding Resolution to adopt Remuneration Report

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

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given to adopt the Remuneration Report as set out in the Annual Report for the year ended 30 June 2014."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Statement for further details on the consequences of voting on this Resolution.

Voting Prohibition Statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

1. a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
2. a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

1. the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
2. the voter is the Chair and the appointment of the Chair as proxy:
 - a. does not specify the way the proxy is to vote on this Resolution; and
 - b. expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Resolution 2 – Re-election of Director – Mr Winton Willesee

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

"That, for the purpose of clause 13.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Willesee, who retires in accordance with clause 13.2 of the Constitution and being eligible and offering himself for re-election, be re-elected as a Director of the Company."

Resolution 3 – Approval of Additional 10% Placement Capacity

To consider and, if thought fit, to pass with or without amendment, as a **special resolution** the following:

"That, for the purpose of Listing Rule 7.1A and all other purposes, the Company approves the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the 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.

Resolution 4 – Adoption of Employee Incentive Option Plan

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

"That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt the Employee Incentive Option Plan and for the issue of Options under that Plan on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion The Company will disregard any votes cast on this Resolution by any Director, other than any Director who is ineligible to participate in the Employee Incentive Option Plan, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the 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.

Voting Prohibition Statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

1. a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
2. a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

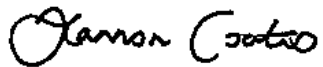
1. the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
2. the voter is the Chair and the appointment of the Chair as proxy:
 - a. does not specify the way the proxy is to vote on this Resolution; and
 - b. expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

DATED THIS 22 DAY OF SEPTEMBER 2014

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read "Shannon Coates". The signature is written in a cursive, flowing style.

Shannon Coates

Company Secretary

How to vote

Shareholders can vote by either:

- attending the meeting and voting in person or by attorney or, in the case of corporate shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post or by facsimile.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed.

Voting by proxy

- A Shareholder who is entitled to attend and cast two or more votes may appoint two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies in accordance with section 249X of the Corporations Act (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy holder votes, they must cast all directed proxies as directed.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, where a Restricted Voter is appointed as a proxy, the proxy may only vote on Resolutions 1 and 4 if the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolutions 1 and 4 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
- Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the shares that are the

subject of the proxy appointment will not be counted in calculating the required majority.

- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf, who must vote the proxies as directed.
- Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does the proxy need not vote on a show of hands, but if the proxy does so the proxy must vote that way (i.e. as directed); and if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands and if the proxy is the Chair of the meeting at which the resolution is voted on, the proxy must vote on a poll and must vote that way (i.e. as directed) and if the proxy is not the Chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).
- Section 250BC of the Corporations Act provides that if an appointment of a proxy specified the way the proxy is to vote on a particular resolution at a meeting of the Company's members and the appointed proxy is not the Chair of the meeting and at the meeting, a poll is duly demanded on the resolution and either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution, the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution of the meeting.
- To be effective, proxies must be lodged by 10.30am (WST) on 12 November 2014. Proxies lodged after this time will be invalid.
- Proxies may be lodged using any of the following methods:
 - (a) by returning a completed proxy form in person to Suite 1, Ground Floor, 83 Havelock Street, West Perth, Western Australia 6005; or
 - (b) by faxing a completed proxy form to or by fax to +61 8 9322 5230.

The proxy form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 10.30am (WST) on 12 November 2014. If facsimile transmission is used, the power of attorney must be certified.

Shareholders who are entitled to vote

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 5.00pm (WST) on 12 November 2014.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide shareholders with material information to enable them to make an informed decision on the business to be conducted at the 2014 Annual General Meeting of Metallum Limited (**Company**).

The Directors recommend shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

Certain terms and abbreviations used in this Explanatory Statement have defined meanings which are explained in the glossary appearing at the end of this Explanatory Statement.

FINANCIAL STATEMENTS – YEAR ENDED 30 JUNE 2014

The first item of the Notice deals with the consolidated annual financial report of the Company for the financial year ended 30 June 2014 together with the Directors' declaration and report and the auditor's report. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered. The reports are available on the Company's website at www.metallum.com.au.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company.

The Chairman will also provide Shareholders a reasonable opportunity to ask the auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the auditor in relation to the conduct of the audit.

RESOLUTION 1 – NON BINDING RESOLUTION TO ADOPT REMUNERATION REPORT

The Directors' report for the year ended 30 June 2014 contains a Remuneration Report which sets out the policy for the remuneration of the Directors and executives of the Company. Section 250R(3) of the Corporations Act expressly provides that the vote on the Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any share based compensation.

The Chair must allow a reasonable opportunity for Shareholders to ask questions about or make comments on the Remuneration Report at the Annual General Meeting.

Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a Shareholder Meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

Previous Voting Results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

Voting Restriction

Shareholders appointing a proxy for this Resolution should note the following:

If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy you must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member) you do not need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, by signing the Proxy Form you expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

If you appoint any other person as your proxy you do not need to direct your proxy how to vote on this Resolution.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR WINTON WILLESEE

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever is the longer.

Clause 13.2 of the Constitution provides that:

- (a) at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;
- (b) the Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots;
- (c) a Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election; and
- (d) in determining the number of Directors to retire, no account is to be taken of:
 - (i) a Director who only holds office until the next annual general meeting pursuant to clause 13.4 of the Constitution; and/ or
 - (ii) a Managing Director,
 each of whom are exempt from retirement by rotation.

Mr Willesee retires by rotation in accordance with clause 13.2 of the Company's Constitution and ASX Listing Rule 14.4 and, being eligible, offers himself for re-election.

Mr Winton Willesee Independent Non-Executive Chairman

Mr Willesee is an experienced company director. He brings a broad range of skills and experience in strategy, company administration, corporate governance, company public listings, merger and acquisition transactions, reconstructions and corporate finance from his background with listed and unlisted public and other companies.

Mr Willesee holds a Master of Commerce, Post-Graduate Diploma in Business (Economics and Finance), a Graduate Diploma in Applied Corporate Governance, a Graduate Diploma in Applied Finance and Investment, a Graduate Diploma in Education and a Bachelor of Business. He is a Fellow of the Financial Services Institute of Australasia, a Member of the Australian Institute of Company Directors, a Member of CPA Australia and a Chartered Secretary.

As well as his position with Metallum, Mr Willesee is currently the chairman of Birimian Gold Limited, Cove Resources Limited and Coretrack Limited, and a director of Otis Energy Limited.

Directors' Recommendation

The Board (other than Mr Willesee) recommends Shareholders vote in favour of the Resolution.

RESOLUTION 3 – APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY

Background

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**Additional 10% Placement Capacity**). The Additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An entity will be eligible to seek approval under Listing Rule 7.1A if: (a) the entity has a market capitalisation of \$300 million or less; and (b) the entity is not included in the S&P/ASX 300 Index. The Company is an Eligible Entity for the purposes of Listing Rule 7.1A as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$6,570,497, as at 22 September 2014.

If Shareholders approve Resolution 3, the number of Equity Securities to be issued under the Additional 10% Placement Capacity will be determined in accordance with the formula set out in Listing Rule 7.1A.2 (as set out below).

The Company is putting Resolution 3 to Shareholders to seek approval to issue additional Equity Securities under the Additional 10% Placement Capacity. It is anticipated that funds raised by the issue of Equity Securities under the Additional 10% Placement Capacity would be applied as set out in this Resolution below.

Listing Rule 7.1A

The effect of Resolution 3 will be to permit the Company to issue the Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined below) without using the Company's 15% placement capacity under Listing Rule 7.1.

Equity Securities issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice the Company has Shares (ASX Code: MNE) and Listed Options (ASX Code: MNEOB) on issue.

Based on the number of Shares on issue at the date of this Notice, the Company will have 386,499,865 Shares on issue and therefore, subject to Shareholder approval being sought under Resolution 3, 864,998 Equity Securities will be permitted to be issued in accordance with Listing Rule 7.1A. Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the Additional 10% Placement Capacity is a moving calculation and will be based on the formula set out in Listing Rule 7.1A at the time of issue of the Equity Securities. The table below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

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

Where:

- A is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 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 previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4; and
 - (iv) less the number of Shares cancelled in the previous 12 months.
- 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 Rule 7.1 or 7.4.

Resolution 3 is a special resolution, requiring 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) in order to be passed.

Specific information required by Listing Rule 7.3A

The following information in relation to the Shares to be issued is provided to Shareholders for the purposes of Listing Rule 7.3A:

- (a) **Minimum Price:** The Equity Securities 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 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 3 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, the existing Shareholders' economic and voting interests in the Company will be diluted. There is also 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 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 or the Equity Securities.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

The table shows:

- (a) examples of where variable "A" is at its current level and where variable "A" has increased by 50% and by 100%;
- (b) examples of where the issue price of ordinary securities is the current market price as at close of trade on 22 September 2014, being \$0.017, (current market price), where the issue price is halved, and where it is doubled; and
- (c) the dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.

Variable 'A'	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$0.009 Issue Price at half the current market price	\$0.017 Issue Price at current market price	\$0.034 Issue Price at double the current market price
Current Variable A 386,499,865 Shares	Shares issued – 10% voting dilution	38,649,986	38,649,986	38,649,986
	Funds raised	\$347,849	\$657,049	\$1,314,099
50% increase in current Variable A 579,749,797 Shares	Shares issued – 10% voting dilution	57,974,979	57,974,979	57,974,979
	Funds raised	\$521,774	\$985,574	\$1,971,149
100% increase in current variable A 772,999,730 Shares	Shares issued – 10% voting dilution	77,299,973	77,299,973	77,299,973
	Funds raised	\$695,699	\$1,314,099	\$2,628,199

The table above uses the following assumptions:

- (a) There are currently 386,499,865 Shares on issue.
- (b) The issue price set out above is the closing price of the Shares on the ASX on 22 September 2014.
- (c) The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- (d) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval or ratification under ASX Listing Rule 7.1.
- (e) The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- (f) This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
- (g) No Options are exercised before the date of the issue of the Equity Securities.
- (h) The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, for the purposes of the above table, it is assumed that those quoted Options are exercised.

Approval of the Additional 10% Placement Capacity will be valid from the date of the Annual General Meeting and will expire on the earlier of:

- (a) the date that is 12 months after the date of the Annual General Meeting; and
- (b) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal

of main undertaking), or such longer period if allowed by ASX (**Additional Placement Period**) (after which date, an approval under Listing Rule 7.1A ceases to be valid).

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

- (a) cash consideration. If Equity Securities are issued for cash consideration, the Company intends to use the funds for exploration or development on the Company's El Roble Copper Project in Chile, to acquire new assets or investments and/or general working capital purposes; or
- (b) non-cash consideration for the acquisition of new assets in the resources sector. If Equity Securities are issued for non-cash consideration, the Company will comply with the minimum issue price limitation under Listing Rule 7.1A.3 in relation to such issue and will release the valuation of the non-cash consideration to the market.

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

The Company will determine the allottees at the time of the issue under the Additional 10% Placement Capacity, having regard to the following factors:

- (a) the prevailing market conditions at the time of the issue;
- (b) the purpose of the issue;
- (c) the ability of the Company to raise funds at the time of the proposed issue of Equity Securities and whether the raising of any funds under such placement could be carried out by means of an entitlements offer, or a placement and an entitlements offer;
- (d) the dilutionary effect of the proposed issue of the Equity Securities on existing Shareholders at the time of the proposed issued of Equity Securities;
- (e) the effect of the issue of the Equity Securities on the control of the Company;
- (f) the circumstances of the Company, including, but not limited to the financial situation and solvency of the Company; and
- (g) advice from its professional advisers, including corporate, financial and broking advisers (if applicable).

The Company notes that:

- (a) it is envisaged that the requirement for funds from any placement under the Additional 10% Placement Capacity would be used towards exploration or development on the Company's El Roble Copper Project in Chile, to acquire new assets or investments and/or general working capital purposes;
- (b) the Board has formed no specific intentions to offer any placement to any existing Shareholders, class of Shareholders or any new investors;
- (c) the Board will always consider, prior to making any placement whether the raising of funds could be achieved by means of an entitlements issue to existing Shareholders; and

- (d) if any issue is announced, the Company would disclose its reasons for undertaking that particular issue rather than an entitlements issue to existing shareholders, should that occur.

The recipients under the Additional 10% Placement Capacity have not been determined as at the date of this Notice. They may, however, include substantial Shareholders and/or new Shareholders none of whom will be related parties (or their associates) of the Company.

A voting exclusion statement is included in the Notice.

At the date of the Notice, the Company has not determined its allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity. The Company has not approached, and has not yet determined to approach, any particular existing security holders or an identifiable class of existing security holders to participate in an offer under the Additional 10% Placement Capacity, and therefore no Shareholder will be excluded from voting on Resolution 3.

When the Company issues Equity Securities pursuant to the Additional 10% Placement Capacity, it will give to ASX:

- (a) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (b) the information required by Listing Rule 3.10.5A for release to the market.

Specific Information required by Listing Rule 7.3A.6:

On 22 November 2013, the Company sought and received Shareholder Approval for the Additional 10% Placement Capacity at its Annual General Meeting (**Previous Approval**). Pursuant to Listing Rule 7.3A.6 the following information is provided to Shareholders.

- (a) On 3 April 2014, the Company issued 29,340,732 Equity Securities pursuant to the Previous Approval.
- (b) The total number of Equity Securities issued otherwise in the 12 months before this Meeting (that is, since 22 November 2013) is 75,057,141 Shares and 3,000,000 Options which represents approximately 16.00% of the total diluted number of Equity Securities on issue in the Company on 22 November 2013. The total number of Equity Securities on issue as at 22 November 2013 was 487,807,774 being 308,842,724 Shares and 178,965,050 Options.
- (c) The table attached as Schedule 1 shows details of all issues of Equity Securities by the Company since 22 November 2013.

Directors' Recommendation

The Board recommends Shareholders vote in favour of this resolution.

RESOLUTION 4 – ADOPTION OF EMPLOYEE INCENTIVE OPTION PLAN

General

To ensure that the Company has appropriate mechanisms to continue to attract, motivate and retain the services of Directors and employees of a high calibre, the Board has established the "Employee Incentive Option Plan" (**Plan**).

Regulatory requirements

Resolution 4 seeks Shareholder approval under exception 9(b) of ASX Listing Rule 7.2 to allow the grant of Options (**Incentive Options**) and the issue of Shares on the exercise of such Incentive Options under the Plan as an exception to ASX Listing Rule 7.1.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Exception 9(b) of ASX Listing Rule 7.2 provides that a company may make an issue of securities under an employee incentive scheme (such as the Plan) if, within three years before the date of issue, holders of ordinary securities in the company have approved the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 4 is passed, the Company will have the ability to grant Incentive Options to eligible participants under the Plan over a period of three years without impacting on the Company's 15% placement capacity under ASX Listing Rule 7.1.

The Directors and employees of the Company have been, and will continue to be, instrumental in the growth of the Company. The Directors consider that the Plan is an appropriate method to:

- (a) reward executive Directors and employees for their past performance;
- (b) provide long term incentives for participation in the Company's future growth;
- (c) motivate executive Directors and generate loyalty from senior employees; and
- (d) assist to retain the services of valuable Directors and employees.

The Plan will be used as part of the remuneration planning for executive Directors and employees. The ASX Corporate Governance Council Guidelines recommend that executive remuneration packages involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the company's circumstances and goals.

Non-executive Directors are not eligible to participate in the Plan.

The Company first obtained approval for the issue of Options under the terms of the Plan for the purposes of Listing Rule 7.2 Exception 9(b) at its General Meeting on 17 February 2012. The table below sets out the number of Options issued under the Plan since the date of last approval¹:

Issue Date	Number of Options	Exercise Price	Expiry Date
13 November 2012	200,000 ¹	\$0.20	13 November 2014
13 November 2012	250,000 ¹	\$0.25	13 November 2015
29 November 2012	50,000 ¹	\$0.20	13 November 2014
29 November 2012	50,000 ¹	\$0.25	13 November 2015
3 April 2014	2,000,000	\$0.05	30 June 2016

1. These Options have since lapsed on termination of employment.

A voting exclusion statement has been included for the purposes of Resolution 4.

Any future issues of Options under the Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that

approval should be obtained, will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

The key terms of the Plan are summarised below. A full copy of the Plan is available for inspection at the Company's registered office until the date of the Meeting.

Summary of the Plan

The Board has resolved to adopt an Employee Incentive Option Plan to allow Eligible Participants to be granted Incentive Options to acquire Shares in the Company. The material terms of the Plan are summarised below:

(a) **Eligible Participants**

Means full or part time employees of the Company or an associated body corporate (including Directors other than non-executive Directors) (**Eligible Participants**).

(b) **Purpose of the Plan**

The purpose of the Plan is to provide an incentive to encourage participation by Eligible Participants in the Company through Share ownership and to attract, motivate and retain Eligible Participants.

(c) **Offer of Incentive Options**

When an Eligible Participant satisfies specified criteria imposed by the Board (including performance criteria and any specified period(s) of tenure), the Board may grant Incentive Options to the Eligible Participant. The Board will determine the number of Incentive Options being offered and the conditions that must be met by the Eligible Participant before the Incentive Options may be exercised.

(d) **Number of Incentive Options offered**

The number of Incentive Options that will be offered to an Eligible Participant pursuant to an Offer is entirely within the discretion of the Directors.

(e) **Exercise price**

The exercise price of any Incentive Option granted to an Eligible Participant shall be at the absolute discretion of the Board, but may not be less than the minimum price specified in the Listing Rules.

(f) **Lapsing of Incentive Options**

Subject to the terms of the Offer made to a Participant, an unexercised Incentive Option will lapse:

- (i) on its expiry date;
- (ii) if any exercise condition is unable to be met; and
- (iii) if the Eligible Participant ceases to be an employee or Director of a member of the Company or an Associated Body Corporate for any reason whatsoever (including without limitation resignation or termination for cause) and:

- (A) any exercise conditions have not been met by the date the Eligible Participant ceases to be an employee or Director of the Company or an Associated Body Corporate (Ceasing Date); or
- (B) where any Exercise Conditions have been met by the Ceasing Date or the Incentive Option is not subject to any Exercise Conditions, the Participant does not exercise the Incentive Option within a period of three (3) months after the Ceasing Date (or a further date as determined by the Board after the Ceasing Date);

(g) **Shares allotted upon exercise of Incentive Options**

The Company will issue or transfer shares to the Eligible Participant as soon as practicable after the exercise of any Incentive Options. The shares allotted under the Plan will be of the same class and will rank equally with shares in the Company at the date of issue.

The Company will seek listing of the new shares on ASX within the time required by ASX Listing Rules.

(h) **Disposal of Incentive Options**

An Incentive Option issued under the Plan is not transferable and will not be quoted on the ASX, unless the offer provides otherwise or without the consent of the Board.

(i) **Trigger events**

The Company may permit Incentive Options to be exercised in certain circumstances where there is a change in control of the Company (including by takeover) or entry into a scheme of arrangement.

(j) **Capital reorganisation**

If at any time the Company's issued capital is reorganised, all rights of an Incentive Optionholder are to be changed in a manner consistent with the ASX Listing Rules at the time of the reorganisation.

(k) **Bonus issues and rights issues**

If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the Incentive Option Exercise Price shall be reduced according to the formula specified in the Listing Rules.

In the event of a bonus issue of Shares being made pro-rata to Shareholders, (other than an issue in lieu of dividends), the number of Shares issued on exercise of each Option will include the number of bonus Shares that would have been issued if the Option had been exercised prior to the record date for the bonus issue. No adjustment will be made to the exercise price per Share of the Option.

(l) **Participation in new issues**

There are no participating rights or entitlements inherent in the Incentive Options and the Incentive Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Incentive Options. In addition, Incentive Optionholders will not be entitled to vote or receive dividends as a result of their holding of Incentive Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced (or such other date if required under the Listing Rules). This will give Incentive Optionholders the opportunity to exercise their Incentive Options prior to the date for determining entitlements to participate in any such issue.

(m) **Limitations on offers**

The Company must take reasonable steps to ensure that the number of Shares to be received on exercise of Incentive Options offered under an offer when aggregated with:

- (i) the number of Shares that would be issued if each outstanding offer for Shares, units of Shares or options to acquire Shares under the Plan or any other employee share scheme of the Company were to be exercised or accepted; and
- (ii) the number of Shares issued during the previous 5 years from the exercise of Incentive Options issued under the Plan (or any other employee share plan of the Company extended only to Eligible Participants),

does not exceed 5% of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or option to acquire Shares that can be disregarded in accordance with ASIC Class Order 03/184).

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

"Accounting Standards" has the meaning given to that term in the Corporations Act;

"Additional 10% Placement Capacity" has the meaning set out on page 10;

"Annual General Meeting" means the annual general meeting the subject of the Notice;

"Annual Report" means the annual report of the Company for the year ended 30 June 2014;

"ASX" means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"Board" means the board of Directors;

"Closely Related Party" has the meaning given to that term in the Corporations Act;

"Company" means Metallum Limited (ABN 73 149 230 811);

"Constitution" means the constitution of the Company;

"Corporations Act" means the Corporations Act 2001 (Cth);

"Director" means a director of the Company;

"Eligible Entity" means an entity that, at the date of the relevant general meeting:

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

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

"Explanatory Statement" means this explanatory statement accompanying the Notice;

"Key Management Personnel" has the meaning given to that term in the Accounting Standards;

"Listing Rules" means the Listing Rules of the ASX;

"Meeting" means the annual general meeting the subject of this Notice;

"Notice" or **"Notice of Meeting"** means the notice of annual general meeting accompanying this Explanatory Statement;

"Option" means an option to acquire a Share;

“Remuneration Report” means the remuneration report set out in the Director’s report section of the Company’s Annual Report.

“Restricted Voter” means Key Management Personnel and their Closely Related Parties;

“Resolution” means a resolution the subject of the Notice;

“Share” means an ordinary fully paid share in the capital of the Company;

“Trading Day” means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

“WST” means Australian Western Standard Time.

SCHEDULE 1

Securities Issued post 22 November 2013	Terms and quantity of Securities issued	Names of the persons to whom the Securities were issued	Issue Price	Discount to market price on date of issue ¹	Total cash consideration received	Use of funds or intended use of funds for remaining consideration	Non-cash consideration and current value
27 November 2013	1,000,000 unlisted Options exercisable at \$0.05 on or before 30 November 2016, vesting on the date the 30 day VWAP for MNE Shares is \$0.12 or higher.	Options issued to consultant in part consideration for the provision of services.	Nil (non-cash consideration)	N/A	Nil	N/A	Consideration: Nil Current value ³ = \$10,733.65
3 April 2014	75,057,141 Fully Paid Ordinary Shares ² 2,000,000 unlisted Options exercisable at \$0.05 on or before 30 June 2016.	Fully Paid Ordinary Shares issued to Sophisticated and Professional Investors. 2,000,000 unlisted Options issued to an employee pursuant to the Company's Employee Incentive Option Plan.	Shares: \$0.028 per Share Options: Nil (non-cash consideration)	Shares: \$0.001 (premium of 3.7%) Options: No issue price (non-cash consideration)	Shares: \$2,101,599.95 Options: Nil	Shares: general working capital, further exploration and to accelerate progress towards development at the El Roble Copper Project in Chile.	Shares: Amount raised = \$2,101,600 Amount spent = \$1,313,050 Amount remaining = \$788,550 Proposed use of remaining funds: Further exploration and to accelerate progress towards development at the El Roble Project; and general working capital. Options: Consideration: Nil Issued under the Company's ESOP scheme as approved 17 February 2012.

Notes

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: MNE (terms are set out in the Constitution).
3. In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).

Lodge your vote:

By Mail:

 Metallum Limited
 Suite 1, Ground Floor
 83 Havelock Street
 West Perth, Western Australia, 6005

Alternatively you can fax your form to:

 (within Australia) 08 9322 5230
 (outside Australia) +61 8 9322 5230

For all enquiries call:

 (within Australia) 1300 288 664
 (outside Australia) +61 8 9324 2099

Shareholder Appointment of Proxy – Annual General Meeting

For your vote to be effective this Proxy Form must be returned by 10.30am (WST) on 12 November 2014.

I/We being a Shareholder entitled to attend and vote at the Meeting, hereby appoint

☐

 The Chair of the Meeting as my/our proxy **OR**

(Name of Proxy)

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Annual General Meeting to be held at 10:30am (WST) on 14 November 2014 at the offices of RSM Bird Cameron, 8 St Georges Terrace, Perth WA and at any adjournment thereof.

Unless indicated otherwise by ticking the "for", "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 and 4 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 4 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

VOTING ON BUSINESS OF THE MEETING

 Please mark ☒ to indicate your direction.

Resolutions
For Against Abstain

1	Non Binding Resolution to adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of Director – Mr Winton Willesee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Adoption of Employee Incentive Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDER(S):

Individual or Shareholder 1

Sole Director / Company Secretary

Shareholder 2

Director

Shareholder 3

Director / Company Secretary

Contact Name (PRINT)

Contact Number

Date

____/____/2014

INSTRUCTIONS FOR COMPLETING 'APPOINTMENT OF PROXY' FORM

APPOINTING A PROXY

A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. The appointed proxy may be an individual or body corporate.

If a Body Corporate is appointed to act as your proxy then a representative of that Body Corporate must be appointed to act as its representative. When attending the meeting, the representative must bring a formal notice of appointment as per section 250D of the Corporations Act. Such notice must be signed as required by section 127 of the Corporations Act or the Body Corporate's Constitution.

If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll.

The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.

Note: If you wish to appoint a second proxy, you may copy this form but you must return both forms together.

VOTING ON BUSINESS OF MEETING

A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business.

Where a box is not marked the proxy may vote as they choose subject to the relevant laws.

Where more than one box is marked on an item the vote will be invalid on that item.

SIGNING INSTRUCTIONS

- **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 Form when you return it.
- **Companies:** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.

ATTENDING THE MEETING

Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy 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.

LODGEMENT OF VOTES

To be effective, a validly appointed proxy must be received by the Company **not less than 48 hours** prior to commencement of the Meeting.

Proxy appointments can be lodged by:

- a) **Post** - to Suite 1, Ground Floor, 83 Havelock Street, West Perth, Western Australia 6005; or
- b) **Facsimile** - to the Company on facsimile number +61 8 9322 5230.

Proxy Forms received later than this time will be invalid