

# Notice of Annual General Meeting 2014



**Latrobe Magnesium Limited**

ABN 52 009 173 611

## **IMPORTANT INFORMATION**

This document is important. Please read it carefully and if you require assistance, consult your legal or financial adviser.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 2014 Annual General Meeting of Latrobe Magnesium Limited ("Company") will be held at the offices of Nexia Australia, Level 16, 1 Market Street, Sydney, NSW 2000 on Thursday 27 November 2014 at 11.00am.

### **ORDINARY BUSINESS**

#### **Financial Statements and Reports**

To receive and consider the financial report of the Company for the financial year ended 30 June 2014 together with the Directors Report, Director's Declaration and the Auditors' Report.

#### **Resolution 1: Adoption of Remuneration Report**

To consider and, if thought fit, pass with or without amendment the following resolution as a non-binding resolution:

*"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes approval is given for the adoption of the remuneration report as in the Company's Annual Financial Report for the financial year ended 30 June 2014."*

The Audited Remuneration Report is set out on pages 11 to 12 of the Directors' Report contained in the 2014 Annual Report. In accordance with section 250R(3) of the Corporations Act, the votes cast in respect of the Resolution are advisory only and do not bind the Company.

#### **Voting exclusion statement**

The Company will disregard any votes cast on Resolution 1 (in any capacity whether as proxy or as shareholder) by any of the following persons:

- (a) any member of the key management personnel, details of whose remuneration are included in the remuneration report (Key Management Personnel); and
- (b) a closely related party of Key Management Personnel.

However, the Company need not disregard a vote if it is;

- (c) cast by a person as a proxy appointed in accordance with the directions of the proxy form that specifies how the proxy is to vote on Resolution 1; and the vote is not cast on behalf of a person described in subparagraphs (a) and (b) above; or
- (d) cast by the chair of the Meeting as proxy appointed in accordance with the directions of the proxy form for a person who is entitled to vote, and such appointment on the proxy form expressly authorises the chair to exercise the proxy even if the resolution is connected directly with the remuneration report; and the vote is not cast on behalf of a person described in subparagraphs (a) and (b) above.

#### **Resolution 2: Re-election of K A Torpey as a Director**

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

*"That Kevin Torpey, having retired from office as a Director in accordance with Article 12.2 of the Company's constitution and being eligible, having offered himself for re-election, be re-elected as a Director of the Company."*

His background, experience and qualifications are detailed on pages 9 and 10 of the Directors' Report contained in the 2014 Annual Report.

#### **Resolution 3: Re-election of J R Lee as a Director**

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

*"That John Lee, having retired from office as a Director in accordance with Article 12.2 of the Company's constitution and being eligible, having offered himself for re-election, be re-elected as a Director of the Company."*

His background, experience and qualifications are detailed on page 10 of the Directors' Report contained in the 2014 Annual Report.

## **SPECIAL BUSINESS**

### **Resolution 4: Issue of shares to D O Paterson**

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

*That for the purpose of ASX Listing Rule 10.11 and for all other purposes the allotment and issue of 5,450,000 ordinary shares to David Paterson a Director of the Company in accordance with the terms summarised in the Explanatory Statement accompanying the notice of Annual General Meeting be and is hereby approved.*

#### **Voting exclusion statement**

The Company will disregard any votes cast on Resolution 4 by D O Paterson and any of his associates.

However, the Company need not disregard a vote if:

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

### **Resolution 5: Issue of shares to K A Torpey**

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

*"That for the purpose of ASX Listing Rule 10.11 and for all other purposes the allotment and issue of 1,589,500 ordinary shares to Kevin Torpey, a Director of the Company in accordance with the terms summarised in the Explanatory Statement accompanying the notice of Annual General Meeting be and is hereby approved."*

#### **Voting exclusion statement**

The Company will disregard any votes cast on Resolution 5 by K A Torpey and any of his associates.

However, the Company need not disregard a vote if:

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

### **Resolution 6: Issue of shares to P F Bruce**

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

*"That for the purpose of ASX Listing Rule 10.11 and for all other purposes the allotment and issue of 454,250 ordinary shares to Philip Bruce, a Director of the Company in accordance with the terms summarised in the Explanatory Statement accompanying the notice of Annual General Meeting be and is hereby approved."*

#### **Voting exclusion statement**

The Company will disregard any votes cast on Resolution 6 by P F Bruce and any of his associates.

However, the Company need not disregard a vote if:

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

### **Resolution 7: Issue of shares to J R Lee**

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

*"That for the purpose of ASX Listing Rule 10.11 and for all other purposes the allotment and issue of 454,250 ordinary shares to John Lee, a Director of the Company in accordance with the terms summarised in the Explanatory Statement accompanying the notice of Annual General Meeting be and is hereby approved."*

**Voting exclusion statement**

The Company will disregard any votes cast on Resolution 7 by J R Lee and any of his associates.

However, the Company need not disregard a vote if:

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

**Resolution 8: Approval of 10% placement facility**

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

*"That for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve 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 in the accompanying explanatory statement."*

**Voting exclusion statement**

The Company will disregard any votes cast on Resolution 8 by any person who may participate in the issue of 10% placement facility and any associate of such person and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if Resolution 8 is passed, and any associates of such persons.

However, the Company need not disregard a vote if:

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

In accordance with Listing Rule 14.11.1 and the relevant note under that rule concerning Listing Rule 7.1A, as at the date of this Notice of Meeting it is not known who may participate in the proposed issue (if any). On that basis, no security holders are currently excluded.

**OTHER BUSINESS**

To transact any other business which, in accordance with the Company's Constitution and the Corporations Act, may be legally brought before an Annual General Meeting.

**By Order of the Board of Directors**



**J R Lee**  
**Secretary**

**Dated 22 October 2014**

The notice of meeting is accompanied by Explanatory Notes to shareholders which explains the purpose of the Meeting and the resolutions to be considered at the Meeting.

## **EXPLANATORY STATEMENT**

This explanatory statement forms part of this Notice of Annual General Meeting and is intended to provide shareholders of Latrobe Magnesium Limited ("Company") with sufficient information to assess the merits of the Resolutions to be considered at this Annual General Meeting.

The Directors recommend that shareholders read this Explanatory Statement in its entirety before making any decision in relation to the Resolutions. Should shareholders be in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional advisor prior to voting.

### **Financial Statements and Reports**

The Corporations Act requires that the Annual Report (which includes the Financial Report, Directors' Report and Auditors' Report) be laid before the Annual General Meeting. There is no requirement for shareholders to approve those reports.

Shareholders will be given an opportunity at the Annual General Meeting to ask questions and make comments on the Company's reports and accounts and on the business and operations of the Company generally for the year ended 30 June 2014.

In accordance with amendments to the Corporations Act the Company is no longer required to provide a hard copy of the Company's Annual Financial Report to shareholders unless a shareholder has specifically elected to receive a printed copy.

Shareholders may view the Company's Annual Financial Report on the website at [www.latrobemagnesium.com](http://www.latrobemagnesium.com)

### **Resolution 1 – Adoption of Remuneration Report**

The Audited Remuneration Report of the Company for the financial year ended 30 June 2014 is set out in the Directors' Report contained in the 2014 Annual Report on pages 11 to 12.

A reasonable opportunity will be provided for discussion on the Remuneration Report at the Annual General Meeting.

The Corporations Act 2001 requires listed company to put to a vote at its AGM a non binding resolution to shareholders to adopt the Remuneration Report. Under the legislation this vote will be advisory only and does not bind the Directors or the Company. However the Board recognises the vote as an indication of shareholder sentiment and will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at this meeting when reviewing the Company's remuneration policies.

If 25% or more of the votes casted are against the adoption of the Remuneration Report at two consecutive Annual General Meetings, a resolution must be put to the second of those Annual General Meetings (a "spill resolution") requiring shareholders to vote on whether the Company must hold another general meeting (a "spill meeting"). If the spill resolution is approved by a simple majority of 50% or more votes casted, the "spill meeting" must be held within 90 days at which all of the Company's Directors other than the Managing Director, must stand for re-election.

The remuneration levels for Directors, Officer and Senior Managers are competitively set to attract and retain appropriate Directors and key management personnel.

### **Resolution 2 – Re-election of Director**

Kevin Torpey retires in accordance with Article 12.2 of the Company's constitution which provides that at each Annual General Meeting one third of the Directors must retire from office. The Directors to retire are those that have been longest in office since their last election or appointment. Being eligible Mr Torpey offers himself for re-election.

Details of his respective qualifications, experience, other directorships and security holdings in the Company are detailed in the Annual Report. Each of the Directors, with the exception of the Director being offered for re-election, recommend that shareholders vote in favour of Resolution 2.

### **Resolution 3 – Re-election of Director**

John Lee retires in accordance with Article 12.2 of the Company's constitution which provides that at each Annual General Meeting one third of the Directors must retire from office. The Directors to retire are those

that have been longest in office since their last election or appointment. Being eligible Mr Lee offers himself for re-election.

Details of his respective qualifications, experience, other directorships and security holdings in the Company are detailed in the Annual Report. Each of the Directors, with the exception of the Director being offered for re-election, recommend that shareholders vote in favour of Resolution 3.

## **Resolutions 4 to 7 – Issue of Shares to Directors**

Shareholder approval is sought in accordance with ASX Listing Rule 10.11 to issue shares to related parties of the Company to convert outstanding Directors fees to equity.

ASX Listing Rule 10.11 provides that unless one of the exceptions in Rule 10.12 applies an entity must not issue or agree to issue equity securities to a related party without the approval of holders of ordinary securities.

Directors are now seeking shareholder approval to issue a maximum of 7,948,000 fully paid ordinary shares to convert outstanding Directors fees as at 30 September 2014 to equity on the basis of \$0.008 per share.

The Directors had previously deferred settlement of their fees which cover the period 1 August 2014 to 30 September 2014 and the conversion of these fees to equity will allow the company to conserve its cash resources and direct those resources towards the development of the Latrobe Magnesium Project.

<b>Directors</b>	<b>Amount Owing</b>	<b>No. of Shares</b>
D O Paterson	\$43,600	5,450,000
K A Torpey	\$12,716	1,589,500
P F Bruce	\$3,634	454,250
J R Lee	\$3,634	454,250
<b>Total</b>	<b>\$63,584</b>	<b>7,948,000</b>

Since 1 July 2014, the market price of LMG has mainly traded in the range between \$0.005 and \$0.007. In the week ending 17 October, the shares have traded as high as 1.0 cent. The VWAP for the 10 last trading days is 0.0077 cents. The conversion price of \$0.008 represents the current market value of the shares as at 16 October 2014 and is at a price higher than the VWAP. This price is the deemed issue price.

The allotment and issue of the shares on conversion will take place at one time within one month from the date of the Annual General Meeting.

The shares will be issued subject to the terms and conditions of the Company's Constitution. Application will be made by the Company for these shares to be listed on ASX Limited. The shares will rank equally with all other fully paid shares on issue from the date of allotment.

It should be noted that if approval is given pursuant to Listing Rule 10.11 then approval is not required under Listing Rule 7.1.

With the issue of 7,948,000 shares pursuant to Resolutions 4 to 7, then the total issued capital of the Company will increase to 934,571,119 fully paid ordinary shares. The additional shares when issued would represent approximately 0.8% of the enlarged issued capital.

Directors have refrained from making a recommendation in relation to Resolutions 4 to 7 as they have an interest in these Resolutions and are excluded from voting as a result of that interest.

## **Resolution 8: Approval of 10% placement facility**

### **1. General**

Listing Rule 7.1A enables eligible entities to issue additional equity securities up to 10% of its issued share capital through placements over a 12 month period after if approved by a special resolution of shareholders at the eligible entity's annual general meeting ("10% Placement Facility"). The 10% Placement Facility operates in addition to the Company's 15% placement capacity under Listing Rule 7.1 (this is discussed in connection with Resolutions 4 to 7 above),

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is, as at the date of the relevant special resolution passed for the purposes of Listing Rule 7.1A, 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 Company is now seeking shareholder approval by way of a special resolution to have the ability to issue additional equity securities over the forthcoming 12 month period under the 10% Placement Facility.

The exact number of equity securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 2 (c) below).

The purposes of any issue of shares pursuant to the additional capacity would be to fund the bankable feasibility study for the LMG's Magnesium Project.

## **2. Description of Listing Rule 7.1A**

### **(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.

### **(c) Formula for calculating 10% Placement Facility**

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 issue date or date of agreement to issue:

- plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid shares that became fully paid in the 12 months;
- plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- less the number of fully paid shares cancelled in the 12 months.

*Note that "A" has the same meaning in 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 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 Listing Rule 7.1 or 7.4.

### **(d) Listing Rule 7.1 and Listing Rule 7.1A**

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

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

### **(e) Minimum issue price**

The issue price of the equity securities issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average price ("VWAP") for 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 Listing Rule 7.1A is valid from the date of the annual general meeting at which 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 of shareholders of a transaction under Listing Rule 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 ("10% Placement Period").

### **3. Specific Information Required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, the following information is provided in relation to the approval of the 10% Placement Facility proposed to be established following passage of Resolution 8:

- (a) The equity securities will be issued at an issue price of not less than that specified in Listing Rule 7.1A.3, as described at paragraph 2(e), above.
- (b) If Resolution 8 is approved by shareholders and the Company issues equity securities under the 10% Placement Facility, the existing shareholders' voting power in the Company will be diluted as shown in the below table. 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 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 are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the equity securities.

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

The table below also shows:

- (i) two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. 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 Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

<b>Variable "A" in Listing Rule 7.1A.2</b>		<b>\$0.004 50% decrease in Issue Price</b>	<b>\$0.008 Issue Price</b>	<b>\$0.016 100% increase in Issue Price</b>
Current Variable A 914,011,638	10% Voting Dilution	91,401,164 Shares	91,401,164 Shares	91,401,164 Shares
	Funds raised	\$365,605	\$731,209	\$1,462,419
50% Increase in Current Variable A 1,371,017,457	10% Voting Dilution	137,101,746 Shares	137,101,746 Shares	137,101,746 Shares
	Funds raised	\$548,407	\$1,096,814	\$2,193,628
100% Increase in Current Variable A 1,828,023,276	10% Voting Dilution	182,802,328 Shares	182,802,328 Shares	182,802,328 Shares
	Funds raised	\$731,209	\$1,462,419	\$2,924,837

**The table has been prepared on the following assumptions:**

- i. The Company issues the maximum number of equity securities available under the 10% Placement Facility.
- ii. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- iii. The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the meeting.
- iv. The table shows only the effect of issues of equity securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- v. The issue of equity securities under the 10% Placement Facility consists only of shares on issue and excludes the shares to be issued to Directors if Resolutions 4 to 7 are approved.
- vi. The issue price is \$0.008, being the closing price of the Shares on ASX on 16 October 2014.



- (c) The Company will only issue and allot the equity securities during the 10% Placement Period. The approval under Resolution 8 for the issue of the equity securities will lapse after that period. It will also cease to be valid in the event the Shareholders approved a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the equity securities for cash consideration. In such circumstances, the Company intends to use the funds raised to make payments towards the completion of its bankable feasibility study for its Magnesium Project.

In addition, the Company may seek to issue equity securities for non-cash consideration. In this instance, the equity securities will be issued to consultants in lieu of payment for services rendered in relation to the completion of the bankable feasibility study.

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'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 allottees of equity securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

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

The allottees 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 of the Company who are not related parties or associates of a related party of the Company.

- (e) The Company obtained Shareholder approval under Listing Rule 7.1A last year, but did not issue shares under this Listing Rule in the last twelve months.

During the 12 months preceding 27 November 2014, being the date of the Meeting, the Company issued a total of 169,879,143 shares representing 22% of the total number of equity securities on issue at the commencement of that 12 month period.

Information relating to issues of equity securities by the Company in the 12 months prior to 27 November 2014 is as follows:

Date of Appendix 3B	Number of Equity Securities	Class of Equity Securities and summary of terms	Names of recipients or basis on which recipients determined	Issue Price of Equity Securities and discount to Market Price on the trading day prior to the issue	If issued for cash - the total consideration, what it was spent on and the intended use of any remaining funds If issued for non-Cash consideration – a description of the consideration and the current value of the consideration
2 December 2013	44,017,662	Ordinary Shares	Directors - in lieu of fees (refer AGM Notice)	Issue Price - \$0.006 Discount to Market Price – Nil Market Price - \$0.006	Non cash consideration. Current value of the consideration is \$352,141. Shares issued in lieu of Directors fees
2 December 2013	12,611,481	Ordinary Shares	Jim Siemon	Issue Price - \$0.006 Discount to Market Price – Nil Market Price - \$0.006	Non cash consideration. Current value of the consideration is \$100,892. Shares issued in payment of project management and chemical engineering services rendered on the Latrobe Magnesium Project
3 June 2014	113,250,000	Ordinary Shares	Share Purchase Plan	Issue Price - \$0.004 Discount to Market Price – 20% Market Price - \$0.005	Issued for cash. Total consideration - \$453,000 Proceeds have all been used to fund the production and processing of a bulk sample was \$305,000 and the Company's working capital was \$148,000

- (f) A voting exclusion statement is included in the accompanying Notice. At the date of this Notice, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the equity securities. No existing shareholder's votes will therefore be excluded under the voting exclusion in the accompanying Notice.

### **Board Recommendation**

The Board considers that the approval of the issue of the 10% Placement Facility described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under Listing Rule 7.1A in the next 12 months (without further shareholder approval), should it be required. At the date of the notice of this meeting, the Company has no plans to use the 10% Placement Facility should it be approved.

Accordingly, the directors unanimously recommend that Shareholders vote in favour of Resolution 8 and propose to cast all votes controlled by them in favour of Resolution 8.

## Notes

These notes form part of the Notice of Annual General Meeting and should be read in conjunction with the accompanying explanatory statement.

### Determination of Membership and Voting Entitlement

For the purpose of determining a person's entitlement to vote at the Annual General Meeting, a person will be recognised as a member of the Company and the holder of Shares if that person is registered as a holder of those Shares at 11.am Sydney time on 25 November 2014, being the second day prior to the Annual General Meeting.

### Votes of Members

On a show of hands, each member present in person or by proxy (or, in the case of a body corporate, by a representative) at the Annual General Meeting shall have one vote.

On a poll, every member present in person or by attorney or by proxy (or, in the case of a body corporate, by a representative) shall have one vote for each Share held provided that all shares are fully paid.

### Voting

Please note that for an ordinary resolution to be passed, a simple majority of votes cast (in person, by proxy or, in the case of a body corporate shareholder, by corporate representative) by shareholders entitled to vote on the resolution is required.

For a special resolution to be passed, it must be approved by at least 75% of the votes cast (in person, by proxy or, in the case of a body corporate shareholder, by corporate representative) by shareholders entitled to vote on the resolution.

Resolutions 1, 2, 3, 4, 5, 6 and 7 are ordinary resolutions. Resolution 8 is a special resolution.

### Proxies

A member who is entitled to vote at the Meeting has a right to appoint a proxy and should use the proxy form accompanying this Notice. The proxy need not be a member of the Company.

Proxy forms and the original or a certified copy of the power of attorney (if the proxy form is signed by an attorney) must be received at:

Suite 307, Level 3  
20 Barrack Street  
SYDNEY NSW 2000; or

on fax number (02) 9279 3854; or

by email [img@latrobemagnesium.com](mailto:img@latrobemagnesium.com)

no less than 48 hours before the person named in the instrument purports to vote pursuant to it.

### Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at Meetings of a company's shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

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**Latrobe Magnesium Limited**

ABN 52 009 173 611

Suite 307, Level 3

20 Barrack Street

Sydney NSW 2000

**PROXY FORM**I/We .....  
[Please print]of .....  
[Please print]

being a member of Latrobe Magnesium Limited appoint:

Name of proxy .....

Address of proxy .....

Or in his or her absence (or if left blank), the chairman of the meeting as my/our proxy to attend, vote and otherwise act on my/our behalf at the Annual General Meeting of the Company to be held on 27 November 2014 and at any adjournment of that meeting.

If you wish to appoint the proxy in respect of only a specified number of your shares you must insert that number in the appropriate space below. In the absence of any such specification, the proxy will be taken to have been appointed in respect of all of your shares.

My/our proxy is authorised to exercise the voting rights in respect of ..... of my/our shares.

If 2 Proxies are being appointed, the proportion of voting rights that this proxy is authorised to exercise is .....%. (The company will supply an additional proxy form on request.)

**PROXY INSTRUCTIONS**

If you wish to instruct your proxy how to vote, insert X in the appropriate column against each item of business set out below. I/We instruct my/our proxy to vote as follows:

RESOLUTIONS	FOR	AGAINST	ABSTAIN
1. Adoption of Remuneration Report			
2. Re-election of Director - K A Torpey			
3. Re-election of Director - J R Lee			
4. Issue of Shares to Director - D O Paterson			
5. Issue of Shares to Director – K A Torpey			
6. Issue of Shares to Director – P F Bruce			
7. Issue of Shares to Director – J R Lee			
8. Approval of 10% Placement Facility			

Unless otherwise directed, the proxy holder may vote as he/she thinks fit, or abstain from voting.

If the Chairman of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote you are hereby advised that the Chairman intends to vote in favour of all the Resolutions, except for Resolution 4. As the Chairman has an interest in the outcome of Resolution 4, he will not exercise your proxy on this Resolution.

**SIGNATURE OF MEMBER (S)****Individual or Member 1****Sole Director/Company Secretary****Member 2****Director****Member 3****Director/Company Secretary****Date:** .....**Contact Name:** ..... **Contact Phone (daytime):** .....

## NOTES ON PROXIES:

1. Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.
2. A member entitled to attend and vote at this Meeting is entitled to appoint not more than two proxies to attend and vote in his stead pursuant to the Constitution.
3. If a member appoints one proxy only, that proxy shall be entitled to vote on a show of hands, but if a Member appoints two proxies neither shall be entitled to vote on a show of hands.
4. Where more than one proxy is appointed, each proxy must be appointed to represent a specified portion of the Member's voting rights. Otherwise each proxy may exercise half of your votes.
5. A proxy need not be a security holder of the Company.
6. Signing instructions:
  - **Individual:** Where the holding is in one name, the security holder must sign.
  - **Joint Holding:** Where the holding is in more than one name, all of the security holders should sign.
  - **Power of Attorney:** If this form is executed under a power of attorney and you have not already lodged the relevant power of attorney with the registry, please attach a certified photocopy of the power of attorney to this form when you return it.
  - **Companies:** Where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a company secretary, a sole director can also sign alone. Otherwise this form must be signed by a director or a company secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

For your vote to be effective the completed proxy form must be received by 11.00am on 25 November 2014, being 48 hours prior to the Meeting, at.

Suite 307, Level 3  
20 Barrack Street  
SYDNEY NSW 2000; or

on fax number (02) 9279 3854; or

by email [img@latrobemagnesium.com](mailto:img@latrobemagnesium.com)

Please advise of any change of address by completion of the section below:

My new address is

.....  
  
.....