

Technology Metals Australia Limited

(ACN 612 531 389)

Supplementary Prospectus No. 2

IMPORTANT NOTICE

This Supplementary Prospectus is dated 28 November 2016 and is supplementary to the prospectus dated 13 October 2016 and supplementary prospectus dated 27 October 2016 (together, the **Prospectus**) issued by Technology Metals Australia Limited (**Company**) in respect of the offer of 20,000,000 Shares at A\$0.20 each to raise a total of A\$4,000,000 (**Prospectus**).

A copy of this Supplementary Prospectus was lodged with ASIC on 28 November 2016. None of ASIC, ASX or their respective officers take any responsibility for the content of this Supplementary Prospectus.

This Supplementary Prospectus must be read together with the Prospectus. If there is any conflict between this Supplementary Prospectus and the Prospectus, this Supplementary Prospectus will prevail. Unless otherwise indicated, terms and abbreviations defined and used in the Prospectus have the same meaning in this Supplementary Prospectus.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus and may be accessed on the Company's website at www.tmtlimited.com.au. The Company will send a copy of this Supplementary Prospectus to all Applicants who have subscribed for Shares pursuant to the Prospectus prior to the date of this Supplementary Prospectus.

This Supplementary Prospectus and the Prospectus are important documents that should be read in their entirety. If you have any questions about it, you should consult your professional advisers without delay.

1 General

1.1 Purpose of Supplementary Prospectus

The purpose of this Supplementary Prospectus is to provide further disclosure in relation to the terms and conditions of the Class A Performance Shares and Class B Performance Shares, to be issued to the KOP Shareholders.

The Class A Performance Shares and Class B Performance Shares are detailed in the Company's capital structure at Section 1.7 and at various other Sections of the Prospectus. The material terms of the Class A Performance Shares and Class B Performance Shares are detailed in the Legal Report on Tenements at Section 9 and the Glossary of terms at Section 11.

The Company has obtained in-principle confirmation from ASX that the Class A Performance Shares and Class B Performance Shares comply with Listing Rule 6.1, conditional upon the Company disclosing the full terms and conditions of the Class A Performance Shares and Class B Performance Shares.

1.2 Action required by existing Investors

As the content of this Supplementary Prospectus is not considered to be materially adverse to investors, applicants who have already subscribed for Shares under the Prospectus prior to the date of this Supplementary Prospectus do not need to take any action.

1.3 Content supplemented

As per the condition from ASX, the Prospectus is supplemented by making the following amendments to the Prospectus:

- (a) The following new Section 7.15 is added:

Rights attaching to Class A Performance Shares

The full terms and conditions of the Class A Performance Shares are as follows.

(i) **Performance Shares**

Each Class A Performance Share is a share in the capital of the Company.

(ii) **General meetings**

Each Class A Performance Share confers on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to the holders of Shares (**Shareholders**). Holders have the right to attend general meetings of Shareholders.

(iii) **No voting rights**

A Class A Performance Share does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.

(iv) **No dividend rights**

A Class A Performance Share does not entitle the Holder to any dividends.

(v) **No rights to return of capital**

A Class A Performance Share does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(vi) **Rights on winding up**

A Class A Performance Share does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.

(vii) **Not transferable**

A Class A Performance Share is not transferable.

(viii) **Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed (including a consolidation, subdivision, reduction, cancellation or return of issued share capital), all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.

(ix) **Application to ASX**

The Class A Performance Shares and Class B Performance Shares will not be quoted on ASX. However, if the Company is listed on ASX at the time of conversion of the Class A Performance Shares into Shares, the Company must within 10 Business Days apply for the official quotation of the Shares arising from the conversion on ASX.

(x) **Participation in entitlements and bonus issues**

A Class A Performance Share does not entitle a Holder (in their capacity as a holder of a Class A Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(xi) **Amendments required by ASX**

The terms of the Class A Performance Shares may be amended as necessary by the Company's board in order to comply with the ASX Listing Rules (if applicable), or any directions of ASX (if applicable) regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

(xii) **No Other Rights**

A Class A Performance Share gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Class A Performance Shares

(xiii) Milestones

A Class A Performance Share in the relevant class will convert into one Share and one Class B Performance Share upon the definition by the Company (or an entity controlled by the Company) of an inferred resource of 30,000,000 tonnes of vanadium oxide ore at greater than 0.8% at the Gabanintha Project on or before 31 December 2019.

(xiv) Conversion on change of control

Notwithstanding the relevant Milestone has not been satisfied, upon the occurrence of either:

- (A) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company having received acceptances for more than 50% of the Company's shares on issue and being declared unconditional by the bidder; or
- (B) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

that number of Class A Performance Shares that is equal to 10% of the Shares on issue immediately following conversion under this paragraph will convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of Class A Performance Shares then on issue as well as on a pro rata basis for each Holder. Class A Performance Shares that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.

(xv) Redemption if Milestone not achieved

If the relevant Milestone is not achieved by the required date, then each Class A Performance Share in that class will be automatically redeemed by the Company for the sum of \$0.00001 within 10 Business Days of non-satisfaction of the Milestone.

(xvi) Conversion Procedure

The Company will issue the Holder with a new holding statement for the Share issued upon conversion of a Class A Performance Share within 10 Business Days following the conversion.

(xvii) Ranking upon conversion

The Share into which a Class A Performance Share may convert will rank pari passu in all respects with the existing Company Shares.

- (b) The following new Section 7.16 is added:

Rights attaching to Class B Performance Shares

The full terms and conditions of the Class B Performance Shares are as follows.

(i) **Performance Shares**

Each Class B Performance Share is a share in the capital of the Company.

(ii) **General meetings**

Each Class B Performance Share confers on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to the holders of Shares (**Shareholders**). Holders have the right to attend general meetings of Shareholders.

(iii) **No voting rights**

A Class B Performance Share does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.

(iv) **No dividend rights**

A Class B Performance Share does not entitle the Holder to any dividends.

(v) **No rights to return of capital**

A Class B Performance Share does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(vi) **Rights on winding up**

A Class B Performance Share does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.

(vii) **Not transferable**

A Class B Performance Share is not transferable.

(viii) **Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed (including a consolidation, subdivision, reduction, cancellation or return of issued share capital), all rights of a Holder will be changed to the

extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.

(ix) **Application to ASX**

The Class B Performance Shares will not be quoted on ASX. However, if the Company is listed on ASX at the time of conversion of the Class B Performance Shares into Shares, the Company must within 10 Business Days apply for the official quotation of the Shares arising from the conversion on ASX.

(x) **Participation in entitlements and bonus issues**

A Class B Performance Share does not entitled a Holder (in their capacity as a holder of a Class B Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(xi) **Amendments required by ASX**

The terms of the Class B Performance Shares may be amended as necessary by the Company's board in order to comply with the ASX Listing Rules (if applicable), or any directions of ASX (if applicable) regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

(xii) **No Other Rights**

A Class B Performance Share gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Class B Performance Shares

(xiii) **Milestones**

A Class B Performance Share in the relevant class will convert into one Share upon the definition by the Company (or an entity controlled by the Company) of an indicated resource of 20,000,000 tonnes of vanadium oxide ore at greater than 0.8% at the Gabanintha Project on or before 31 December 2019.

(xiv) **Conversion on change of control**

Notwithstanding the relevant Milestone has not been satisfied, upon the occurrence of either:

- (A) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company having received acceptances for more than 50% of the Company's shares on issue and being declared unconditional by the bidder; or

- (B) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

that number of Class B Performance Shares that is equal to 10% of the Shares on issue immediately following conversion under this paragraph will convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of Class B Performance Shares then on issue as well as on a pro rata basis for each Holder. Class B Performance Shares that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.

(xv) **Redemption if Milestone not achieved**

If the relevant Milestone is not achieved by the required date, then each Class B Performance Share in that class will be automatically redeemed by the Company for the sum of \$0.00001 within 10 Business Days of non-satisfaction of the Milestone.

(xvi) **Conversion Procedure**

The Company will issue the Holder with a new holding statement for the Share issued upon conversion of a Class B Performance Share within 10 Business Days following the conversion.

(xvii) **Ranking upon conversion**

The Share into which a Class B Performance Share may convert will rank pari passu in all respects with the existing Company Shares.

2 Director's authorisation

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors. The Directors believe that the Prospectus when read together with this Supplementary Prospectus contains all the information that would be required by sections 710 and 711 of the Corporations Act and does not contain any material statement that is misleading or deceptive.

Each of the Directors has consented to the lodgement of this Supplementary Prospectus with ASIC, in accordance with section 720 of the Corporations Act, and has not withdrawn that consent.

Signed for and on behalf of
Technology Metals Australia Limited

A handwritten signature in black ink, appearing to read 'Ian Prentice', written in a cursive style.

Mr Ian Prentice
Executive Director
28 November 2016