
METALS AUSTRALIA LTD

ACN 008 982 474

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10:00 am (WST)

DATE: Thursday 16th November 2017

PLACE: Grant Thornton Office - Level 1, 10 Kings Park Road, West Perth, WA 6005

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9481 7833.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 10:00 am (WST) on 16 November 2017 at:
Level 1, 10 Kings Park Road, West Perth, WA 6005

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm (WST) on 14 November 2017.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and

- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

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 (ie 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 (ie 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 (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies 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 of the following applies:
 - 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 at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to 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 contained in the Company's annual financial report for the financial year ended 30 June 2017."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

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:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) 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:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) 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.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MICHAEL SCIVOLO

To consider and, if thought fit, to pass, with or without amendment, 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, Michael Scivolo, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY

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

"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise 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.

5. RESOLUTION 4 – FUTURE ISSUE OF SHARES AND OPTIONS

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

"That, pursuant to Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 500,000,000 ordinary fully paid Shares, together with a maximum of one free attaching Option for every Share allotted (each Option being exercisable at \$0.01 on or before 31 May 2020 and on the terms and conditions set out in Schedule 1 to the Explanatory Statement) at a minimum issue price per Share which is at least 80% of the volume weighted average market price of Shares trading on ASX over the last 5 days on which sales in the securities were recorded before the day on which the issue was made (or if there is a prospectus or offer information statement relating to the issue, over the last 5 days on which sales in the securities were recorded before the date the prospectus or offer information statement is signed), on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue 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 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.

6. RESOLUTION 5 – ISSUE OF OPTIONS TO EMPLOYEES, CONSULTANTS & COMPANY SECRETARY

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 50,000,000 Options exercisable at \$0.01 each on or before 31 May 2020 as a long-term incentive, on the terms and conditions set out in the Explanatory Statement to be distributed to Employees and Consultants at the discretion of the Directors of the Company."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue 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 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.

Dated: 12 October 2017

By order of the Board

**Paul Fromson
Company Secretary**

EXPLANATORY STATEMENT

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

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at <http://www.metalsaustralia.com.au>.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

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.

2.3 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.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MICHAEL SCIVOLO

3.1 General

ASX Listing Rule 14.4 provides that, other than a managing director, a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 year, whichever is the longer. However, where there is more than one managing director, only one is entitled not to be subject to re-election.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Michael Scivolo, who has served as a Director since 23 July 2012, retires by rotation and seeks re-election.

3.2 Qualifications and other material directorships

Mr Scivolo has extensive experience in the fields of accounting and taxation in both corporate and non-corporate. He was a Director of Covata Ltd (formerly Prime Minerals Limited) until 29 October 2014, Blaze International Limited until 4 December 2015 and K2Fly Ltd (formerly Power Resources Ltd) until 17 November 2016. Mr Scivolo is currently a Director of Sabre Resources Ltd and Golden Deeps Limited.

3.3 Independence

If re-elected the board considers Michael Scivolo will be an independent director.

3.4 Board recommendation

The Board supports the re-election of Michael Scivolo and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY

4.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

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

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$10.0 million (based on the number of Shares on issue and the closing price of Shares on the ASX on 2 October 2017 of \$0.006).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

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

As at the date of this Notice, the Company currently has three classes of quoted Equity Securities on issue, being Shares (ASX Code: MLS), options exercisable at \$0.003 on or before 1 December 2019 (ASX Code MLSO) and options exercisable at \$0.01 on or before 31 May 2020 (ASX Code MLSOA).

If Shareholders approve Resolution 3, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2. The formula is reproduced as follows:

"In addition to issues under rule 7.1, an eligible entity which has obtained the approval of its holders of its ordinary securities under this rule 7.1A may issue or agree to issue during the period of the approval a number of equity securities calculated in accordance with the following formula:

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

A = The number of fully paid ordinary securities on issue 12 months before the issue date or date of agreement to issue,

- plus the number of fully paid ordinary securities issued in the 12 months under an exception in rule 7.2,*
- plus the number of partly paid ordinary securities that became fully paid in the 12 months.*
- plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under rule 7.1 or 7.4,*
- less the number of fully paid ordinary securities cancelled in the 12 months.*

D = 10%

E = The number of equity securities issued or agreed to be issued under rule 7.1A.2 in the 12 months before the issue date or date of agreement to issue that are not issued with the approval of holders of ordinary securities under 7.1 or 7.4."

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

4.2 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX 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 ASX trading days of the date in section 4.2(a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

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 market price of Shares and the number of Equity Securities on issue as at 2 October 2017.

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.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.003 50% decrease in Issue Price	\$0.006 Issue Price	\$0.009 50% increase in Issue Price
1,669,072,777 (Current Variable A)	Shares issued - 10% voting dilution	166,907,277 Shares	166,907,277 Shares	166,907,277 Shares
	Funds raised	\$500,722	\$1,001,444	\$1,502,165
2,503,609,165 (50% increase in Variable A)	Shares issued - 10% voting dilution	250,360,916 Shares	250,360,916 Shares	250,360,916 Shares
	Funds raised	\$751,083	\$1,502,165	\$2,253,248
3,338,145,554 (100% increase in Variable A)	Shares issued - 10% voting dilution	333,814,555 Shares	333,814,555 Shares	333,814,555 Shares
	Funds raised	\$1,001,444	\$2,002,887	\$3,004,331

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 1,669,072,777 Shares on issue
2. The issue price set out above is the closing price of the Shares on the ASX on 2 October 2017.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. 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 under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. 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.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. 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%.
9. 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 Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

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

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of additional natural resource exploration projects (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current assets and,
- (ii) as non-cash consideration for the acquisition of additional natural resources exploration projects excluding previously announced acquisitions, in such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

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

(e) **Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

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

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 30 November 2016 (**Previous Approval**).

The Company has issued 131,149,084 Shares pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 30 November 2016, the Company otherwise issued a further 690,788,333 shares and 382,533,333 Options which represents approximately 105% of the total diluted number of Equity Securities on issue in the Company on 30 November 2016, which was 1,017,867,778 (978,284,444 shares and 39,583,334 options)

Full details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in the tables below.

Ordinary Fully Paid Shares - ASX Code MLS

Date	Quantity	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration, total funds raised and use of funds.
01/07/2016	819,951,110			Opening balance
26/10/2016	158,333,334	Sophisticated investors	\$0.003	First tranche of Placement - The total funds raised was \$475,000 and the funds were used for exploration and for working capital.
15/12/2016	158,333,333	Sophisticated investors	\$0.003	Second tranche of Placement - The total funds raised was \$475,000 and the funds were used for exploration, repayment of a \$200,000 loan and for working capital.
22/12/2016	150,000,000	Vendors as per Notice of Meeting	\$0.005 (market price at time of issue)	Shares issued to acquire tenements - \$750,000. The shares were valued at a market price of \$0.005 each and the current market price of shares is the same around \$0.005
Period 13/2/2017 to 01/03/2017	25,055,000	Converting Option-holders	\$0.003	Total funds received was \$75,165 from Option-holders converting options to shares. The funds were applied towards exploration and working capital.
05/04/2017	327,900,000	Sophisticated investors	\$0.0075	Placement of shares for a total of \$2,459,250 raised. The funds were applied towards a backlog of administration costs (\$700,000), capital raising costs (\$147,000) and the balance on exploration on the Company's Manindi Zinc project in WA and the Lithium, Cobalt and Graphite projects in Quebec Canada and for working capital. The Company has about \$555,000 remaining in cash at 30 September and these funds will be used for exploration on the above projects and for working capital.
14/06/2017	29,500,000	Vendors as per Notice of Meeting	\$0.004 (market price at time of issue)	The Shares issued to acquire tenements at a total value of \$118,000. The current value of the shares issued is around \$147,500
	1,669,072,777			Current Balance

Options Exercisable at \$0.003 on or before 1 December 2019 – ASX Code MLSO

Date	Quantity	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
01/07/2016	Nil			Opening balance
26/10/2016	39,583,334	Sophisticated investors	Free attaching options	Free attaching options - Placement – first tranche
14/12/2016	39,583,333	Sophisticated investors	Free attaching options	Free attaching options - Placement - second tranche
14/12/2016	9,000,000	Broker to placement	Black Scholes valuation – see table below	Options issued to broker to placement
22/12/2016	150,000,000	Vendors as per Notice of Meeting	Black Scholes valuation – see table below	Options issued to acquire tenements
22/12/2016	2,000,000	Consultant	Black Scholes valuation – see table below	Options issued as consideration for capital raising services
Period 13/2/2017 to 01/03/2017	(25,055,000)	Converting Option-holders	Converted at \$0.003	Options converted to shares
	215,111,667			Current Balance

Options Exercisable at \$0.010 on or before 31 May 2020 – ASX Code MLSOA

Date	Quantity	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
01/07/2016	Nil			Opening balance
14/06/2017	163,950,000	Sophisticated investors	Free attaching options	Free attaching options - Placement - \$2,459,250
14/06/2017	18,000,000	Broker	Black Scholes valuation – see table below	Options issued as consideration for capital raising services
	181,950,000			Current Balance

Black Scholes Valuation Parameters

The value of options issued for other than cash or as part of a placement were valued using a Black Scholes financial model. The model uses a number of inputs which include the Share price on the measurement date, the exercise price, the term of the Option, 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.

The inputs used in the Black Scholes valuations of the options referred to in the above tables were as follows:

Class	Number	Underlying share price	Exercise price	Risk free rate	Volatility Factor	Total Value
Exercisable at \$0.003 on or before 1/12/2019	150,000,000	0.005	0.003	2.31%	173%	673,541
Exercisable at \$0.003 on or before 1/12/2019	9,000,000	0.005	0.003	2.15%	172%	34,920
Exercisable at \$0.003 on or before 1/12/2019	2,000,000	0.004	0.003	2.31%	172%	7,760
Exercisable at \$0.01 on or before 31/5/2020	18,000,000	0.004	0.010	1.74%	100%	31,310
Total	179,000,000					747,531

(g) Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A

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

- (i) 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 ASX Listing Rule 7.1A.4; and
- (ii) the information required by ASX Listing Rule 3.10.5A for release to the market.

4.3 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 3.

RESOLUTION 4 – FUTURE ISSUE OF SHARES AND OPTIONS

5. Subject to shareholder approval, pursuant to Listing Rule 7.1, the Company proposes to issue up to 500,000,000 Shares with a maximum of one free attaching Option for every Share issued (each Option exercisable at \$0.01 on or before 31 May 2020).

Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities where the securities proposed to be issued represent more than 15% of the Company's shares then on issue.

For the purposes of Listing Rule 7.3, the following information is provided to shareholders:

- (a) the maximum number of Shares which may be issued pursuant to this resolution is 500,000,000.
- (b) the Shares will be issued and allotted no later than 3 months after the date of this meeting or such later date as approved by ASX by waiver to the Listing Rules.
- (c) the shares will be allotted and issued on one date.
- (d) the Shares will be issued at a minimum issue price which is at least 80% of the average market price of Shares trading on ASX over the last 5 days on which sales in the securities were recorded before the day on which the issue was made (or if there is a prospectus or offer information statement relating to the issue, over the last 5 days on which sales in the securities were recorded before the date the prospectus or offer information statement is signed).
- (e) the proposed allottees are unknown at the date of the Notice of Meeting but will not be related parties of the Company and will be selected at the Directors discretion.
- (f) the terms of the Shares will be the same as the existing ordinary fully paid Shares in the Company.
- (g) the purpose of the issue is for ongoing mineral exploration and additional working capital. It is proposed that approximately \$1,250,000 will be spent on exploration costs for the Quebec projects, \$1,250,000 on the Manindi projects and \$500,000 used for general working capital. This assumes \$3.0m is raised by the issue of 300M shares at \$0.006. The actual share price may vary from this.
- (h) the issue of 500,000,000 shares will have the effect of diluting existing shareholders by approximately 23%, with further dilution possible depending on how many of the 500,000,000 options are exercised.

- (i) the maximum number of Options which may be issued pursuant to this resolution is 500,000,000.
- (j) the Options will be issued and allotted no later than 3 months after the date of this meeting or such later date as approved by ASX by waiver to the Listing Rules.
- (k) the Options will be allotted and issued on one date.
- (l) The options will be issued for no cost but will be attached to the above shares.
- (m) the proposed optionholders are unknown at the date of the Notice of Meeting but will not be related parties of the Company and will be selected at the Directors discretion.
- (n) the terms of the Options will be the same as an existing class of options on issue as shown in Schedule 1.
- (o) There are no additional funds raised by the issue of the options.

The table below shows the dilution of existing Shareholders calculated in accordance with the issue of these shares on the basis of the market price of Shares and the number of Equity Securities on issue as at 2 October 2017.

Number of Shares on Issue	Issue Price (per Share)	\$0.003 50% decrease in Issue Price	\$0.006 Issue Price	\$0.009 50% increase in Issue Price
1,669,072,777	Shares issued	500,000,000	500,000,000	500,000,000
	Dilution	23%	23%	23%
	Funds raised	\$1,500,000	\$3,000,000	\$4,500,000

The number of Shares on issue could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1.

The table above uses the following assumptions:

- There are currently 1,669,072,777 Shares on issue. The issue price set out above is the closing price of the Shares on the ASX on 2 October 2017.
- The Company issues the maximum possible number of Equity Securities under this Resolution.
- 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.
- This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

5. The 23% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
6. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under this Resolution based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

1. the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
2. the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

The Board of Directors wishes to highlight that shareholders previously approved a similar proposed issue of 300,000,000 shares (and attaching options) at a shareholder meeting held on 9 June 2017. The approval to grant those shares (and attaching options) has expired and no shares (and attaching options) were granted under that previous approval.

The Board of Directors unanimously recommends Shareholders vote in favour of this Resolution.

RESOLUTION 5 – GRANT OF OPTIONS TO EMPLOYEES, CONSULTANTS & COMPANY SECRETARY

6.1 General

Subject to shareholder approval, pursuant to Listing Rule 7.1, approval is being sought in this Resolution to grant a total of 50,000,000 Options to Employees, Consultants and the Company Secretary, or their nominee(s) as a long-term incentive at the discretion of the Directors of the Company:

None of the allottees are associates or related parties of the Company.

6.2 Additional Information

For the purposes of Listing Rule 7.3, the following information is provided to shareholders:

- (a) the total number of Options granted is 50,000,000;
- (b) the Options are to be granted for no consideration and accordingly no funds will be raised from the grant of the Options; and
- (c) the terms and conditions of the Options are set out in Schedule 1 to this Explanatory Statement.
- (d) the Options will be issued and allotted no later than 3 months after the date of this meeting or such later date as approved by ASX by waiver to the Listing Rules.

- (e) the names of proposed optionholders are unknown at the date of the Notice of Meeting but will not be related parties of the Company and will be selected at the Directors discretion.
- (f) The options will be issued progressively at the discretion of the Directors.

The Board of Directors wishes to highlight that shareholders previously approved a similar grant of 30,000,000 options to employees and consultants at a shareholder meeting held on 9 June 2017. The approval to grant those options has expired and no options were granted under that previous approval.

The Board of Directors unanimously recommends Shareholders vote in favour of this Resolution.

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

- (a) Each Option gives the Optionholder the right to subscribe for one Share upon exercise of the Option.
- (b) Each Option will expire at 5.00pm (WST) on 31 May 2020 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.01 (**Exercise Price**).
- (d) The Options held by each Optionholder may be exercised in whole or in part.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) cash, a bank cheque or telegraphic or other electronic means of transfer of cleared funds for the Exercise Price for the number of Options being exercised;

(Exercise Notice).

- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company may apply for the Options to be listed, subject to satisfying ASX Listing Rule requirements for listing. If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.
- (k) If at any time the issued capital of the Company is reorganised or reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation or reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options. The Optionholder cannot participate in any new issues of the Company without exercising the Option.
- (m) An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

GLOSSARY

\$ means Australian dollars.

10% Placement Capacity has the meaning given in Section 4.1.

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

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Metals Australia Ltd (ACN 008 982 474).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

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

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and 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 the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

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

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Proxy Form means the proxy form accompanying the Notice.

Related Party has the meaning given in section 9 of the *Corporations Act 2001*.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2017.

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

Settlement means settlement under the Agreement.

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

PROXY FORM

METALS AUSTRALIA LTD
ACN 008 982 474

ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: ☐ the Chair of the Meeting as my/our 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 Meeting to be held at 10:00 am (WST), on 16 November 2017 at Grant Thornton Office - Level 1, 10 Kings Park Road, West Perth, WA 6005, and at any adjournment thereof.

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 (except where I/we have indicated a different voting intention below) even though Resolutions 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. 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

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Michael Scivolo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Future issue of shares and options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Options to Staff, Consultants and Company Secretary	<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.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date:

Contact name:

Contact ph (daytime):

E-mail address:

Consent for contact by e-mail
in relation to this Proxy Form:

YES ☐ NO ☐

Instructions for completing Proxy Form

1. **(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. 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.
2. **(Direction to vote):** 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 proportion or 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.
3. **(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 provided 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.
4. **(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.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Metals Australia Ltd - PO Box 1618, West Perth, WA 6872; or
 - (b) facsimile to the Company on facsimile number +61 8 9481 7835; or
 - (c) email to the Company at pfromson@kmm.com.au,

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.