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**METALICITY LIMITED**

**ACN 086 839 992**

**NOTICE OF GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 10.00am (WST)

**DATE:** 27 July 2018

**PLACE:** Celtic Club, 48 Ord Street West Perth WA 6005

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

***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.***

***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 at 5.00pm (WST) on 25 July 2018.***

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – ELECTION OF DIRECTOR – JUSTIN BARTON

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 13.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Justin Barton, a Director who was appointed as an additional Director on 1 January 2018, retires, and being eligible, is elected as a Director.”*

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#### 2. RESOLUTION 2 – ISSUE OF OPTIONS TO RELATED PARTY – JUSTIN BARTON

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 10.11 and for all other purposes, approval is given for the Company to issue 7,500,000 Options to Justin Barton (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Justin Barton (or his nominee) or any of their associates (**Resolution 2 Excluded Party**). 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, provided the Chair is not a Resolution 2 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if the proxy is either a member of the Key Management Personnel or a Closely Related Party of such a member and the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 2 Excluded Party, the above prohibition does not apply if the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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#### 3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE – SHARES AND OPTIONS

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 7.4 and for all other purposes, Shareholders ratify the issue of 52,530,042 Shares and 26,265,023 Options on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour on this Resolution by or on behalf of a person who participated in the issue or 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.

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**4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE – SHARES, OPTIONS AND PERFORMANCE RIGHTS**

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 7.4 and for all other purposes, Shareholders ratify the issue of 15,205,679 Shares and 6,000,000 Options and 2,274,713 Performance Rights on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the issue or 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.

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**5. RESOLUTION 5 – APPROVAL OF DISPOSAL OF INTEREST IN ZINC PROJECTS**

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 11.4 and for all other purposes, Shareholders approve the Disposal of the Company’s interests in the assets of Kimberley Mining Holdings Pty Ltd, including interests in the Admiral Bay Project and Lennard Shelf Projects (the **Zinc Projects**), on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of a party to the transaction to acquire the Zinc Projects or any associate of that party (or those parties). However, the Company need not disregard a vote if 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, if 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.

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**6. RESOLUTION 6 – ISSUE OF KML WARRANTS TO RELATED PARTY - MATTHEW GAUCI**

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

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 700,000 warrants in the capital of Kimberley Mining Limited to Matthew Gauci (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Matthew Gauci (or his nominee) or any of their associates (**Resolution 6 Excluded Party**). 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, provided the Chair is not a Resolution 6 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if the proxy is either a member of the Key Management Personnel or a Closely

Related Party of such a member and the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 7. RESOLUTION 7 – ISSUE OF KML WARRANTS TO RELATED PARTY – JUSTIN BARTON

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

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act for all other purposes, approval is given for the Company to issue 700,000 warrants in the capital of Kimberley Mining Limited to Justin Barton (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Justin Barton (or his nominee) or any of their associates (**Resolution 7 Excluded Party**). 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, provided the Chair is not a Resolution 7 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if the proxy is either a member of the Key Management Personnel or a Closely Related Party of such a member and the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 7 Excluded Party, the above prohibition does not apply if the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 8. RESOLUTION 8 – ISSUE OF KML WARRANTS TO RELATED PARTY – MATHEW LONGWORTH

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

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 325,000 warrants in the capital of Kimberley Mining Limited to Mathew Longworth (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mathew Longworth (or his nominee) or any of their associates (**Resolution 8 Excluded Party**). 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, provided the Chair is not a Resolution 8 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if the proxy is either a member of the Key Management Personnel or a Closely Related Party of such a member and the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 8 Excluded Party, the above prohibition does not apply if the proxy is the Chair and the appointment expressly authorises the Chair to exercise the

proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**9. RESOLUTION 9 – ISSUE OF KML WARRANTS TO RELATED PARTY – ANDREW DALEY**

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

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 325,000 warrants in the capital of Kimberley Mining Limited to Andrew Daley (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Andrew Daley (or his nominee) or any of their associates (**Resolution 9 Excluded Party**). 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, provided the Chair is not a Resolution 9 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if the proxy is either a member of the Key Management Personnel or a Closely Related Party of such a member and the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 9 Excluded Party, the above prohibition does not apply if the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

**Dated: 26 June 2018**

**By order of the Board**

**Neil Hackett  
Company Secretary**

## **Voting in person**

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

## **Voting by proxy**

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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.

## **Currency conversion**

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The conversion of currency from C\$ to A\$ in this Notice and accompanying Explanatory Statement have been calculated as at 30 May 2018 using an exchange rate of C\$0.9772 for each A\$1.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 9324 1053.***

***Shareholders should note that the proposed Disposal under Resolution 5 requires Shareholder approval under the ASX Listing Rules and therefore may not proceed if that approval is not forthcoming. ASX takes no responsibility for the contents of this Notice.***

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## EXPLANATORY STATEMENT

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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 Resolution.

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### 1. RESOLUTION 1 – ELECTION OF DIRECTOR – JUSTIN BARTON

#### 1.1 General

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Justin Barton, having been appointed by other Directors on 1 January 2018 in accordance with the Constitution, will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

#### 1.2 Qualifications and other material directorships

Justin Barton is a Chartered Accountant with over 19 years' experience in accounting, international finance and M&A in the mining industry. He worked for over 13 years in the Big 4 Accounting firms in Australia and Europe and advised many of the world's largest mining, oil & gas companies and financial institutions, including Rio Tinto, Chevron, Macquarie, Merrill Lynch, Morgan Stanley and Deutsche Bank. Justin also worked for 4 years at Paladin Energy Limited as Group Tax Manager and advised on their plant construction and mining operations in Africa and their expansion into Canada. More recently, he has worked as the CFO and been a Board Member of a number of junior exploration companies.

#### 1.3 Board recommendation

The Board supports the re-election of Justin Barton and recommends that Shareholders vote in favour of Resolution 1.

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### 2. RESOLUTION 2 – ISSUE OF OPTIONS TO RELATED PARTY – JUSTIN BARTON

#### 2.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 7,500,000 Options (**Related Party Options**) to Justin Barton (or his nominee) on the terms and conditions set out below.

Resolution 2 seeks Shareholder approval for the grant of the Related Party Options to Justin Barton (or his nominee).

#### 2.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Related Party Options constitutes giving a financial benefit and Justin Barton is a related party of the Company by virtue of being a Director.

The Directors (other than Justin Barton who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Options because the agreement to grant the Related Party Options, reached as part of the remuneration package for Justin Barton, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

### **2.3 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Related Party Options involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

### **2.4 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 2:

- (a) the Related Party Options will be granted to Justin Barton (or his nominee);
- (b) a total of 7,500,000 Related Party Options will be issued to Justin Barton, as follows:
  - (i) 2,500,000 Options exercisable at A\$0.06 each and expiring within 3 years from their date of issue;
  - (ii) 2,500,000 Options exercisable at A\$0.08 each and expiring within 3 years from their date of issue; and
  - (iii) 2,500,000 Options exercisable at A\$0.10 each and expiring within 3 years from their date of issue;
- (c) the Related Party Options will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (d) the Related Party Options will be issued for nil cash consideration; accordingly, no funds will be raised; and



- (e) the terms and conditions of the Related Party Options are set out in Schedule 2.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Related Party Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Related Party Options to Justin Barton (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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### **3. RESOLUTIONS 3 AND 4 – RATIFICATION OF PRIOR ISSUE OF SHARES, OPTIONS & PERFORMANCE RIGHTS**

#### **3.1 Recent issues of Securities**

On 19 February 2018, the Company announced the completion of a capital raising of approximately \$2.3 million through the issue of 52,530,042 Shares at an issue price of \$0.04 per Share together with one free attaching Option for every two Shares subscribed for and issued (being 26,265,023 Options in total) to sophisticated and institutional investors.

On 16 March 2018, the Company announced it had also issued a total of 15,205,679 Shares, 6,000,000 Options and 2,274,713 Performance Shares.

Resolutions 3 and 4 seek Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of these Securities (**Ratification**).

#### **3.2 ASX Listing Rule 7.1**

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

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue the subject of these Resolutions, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

#### **3.3 ASX Listing Rule 7.1A**

ASX Listing Rule 7.1A provides that in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period for which the approval is valid a number of quoted equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1.

Where an eligible entity obtains shareholder approval to increase its placement capacity under ASX Listing Rule 7.1A then any ordinary securities issued under that additional placement capacity:

- (a) will not be counted in variable "A" in the formula in ASX Listing Rule 7.1A; and
- (b) are counted in variable "E",

until their issue has been ratified under ASX Listing Rule 7.4 (and provided that the previous issue did not breach ASX Listing Rule 7.1A) or 12 months has passed since their issue.

By ratifying the issue the subject of these Resolutions, the base figure (i.e. variable "A") in which the Company's 15% and 10% annual placement capacities are calculated will be a higher number which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval.

### 3.4 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) the following Securities were issued using the Company's capacity under Listing Rule 7.1 and 7.1A:

<i>Item</i>	<i>Securities issued</i>	<i>Price of issue</i>	<i>Funds raised and intended use</i>
1.	52,530,042 Shares issued to institutional and sophisticated investors under capital raising	\$0.04 per Share	\$2.3 million, used for development of the Company's zinc projects
2.	26,265,023 Options exercisable at \$0.08 per Option issued to institutional and sophisticated investors under capital raising ( <b>Capital Raising Options</b> )	Nil - free-attaching to Shares offered under the raise	Nil - free-attaching to Shares offered under the raise
3.	13,888,889 Shares issued to the vendors of Ridgecape Holdings Pty Ltd, in satisfaction of remaining consideration payable under the Ridgecape sale agreement	Deemed issue price of \$0.036 per Share	Nil – issued in payment of consideration under Ridgecape sale agreement
4.	1,000 Shares issued to Corporate-Starboard Pty Ltd, an entity associated with Neil Hackett, the Company Secretary, under the Company's cleansing prospectus dated 16 March 2018	\$0.045 per Share	\$45 raised and allocated towards the costs of the offer

<b>Item</b>	<b>Securities issued</b>	<b>Price of issue</b>	<b>Funds raised and intended use</b>
5.	1,315,790 Shares issued to an unrelated corporate advisor of the Company in payment of fees for corporate advisory services	Deemed issue price of \$0.038 per Share	Nil – issued in consideration of fees
6.	3,000,000 Options exercisable at \$0.06 per Option ( <b>Tranche A Advisor Options</b> ) and 3,000,000 Options exercisable at \$0.08 per Option ( <b>Tranche B Advisor Options</b> ) to unrelated advisors of the Company	Nil – issued in lieu of fees for investor relations advisory services	Nil – issued in consideration of fees
7.	2,274,713 Performance Rights with a vesting price of \$0.06 per Performance Right to employees and contractors of the Company	Nil – issued as part of remuneration packages to employees or in lieu of fees of contractors	Nil – payment of remuneration / fees

- (b) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the Options were issued on the terms and conditions set out in Schedule 3; and
- (d) the Performance Rights were issued on the terms and conditions set out in Schedule 4.

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#### **4. RESOLUTION 5 – APPROVAL OF DISPOSAL OF INTEREST IN ZINC PROJECTS**

##### **4.1 Background**

As announced on 28 March 2018, Metalicity is proposing to list its Zinc Projects, namely the Admiral Bay Project and the Lennard Shelf Projects, on the TSX Venture Exchange (**TSX-V**) by way of an initial public offering (**IPO**) of shares in its newly created Canadian subsidiary, Kimberley Mining Limited (**KML**).

In order to implement a new corporate structure to facilitate the IPO process, the Company has created the following wholly owned subsidiaries:

- (a) Kimberley Mining Australia Pty Ltd (**KMA**), an Australian company incorporated on 23 March 2018; and
- (b) Kimberley Mining Holdings Pty Ltd (**KMH**), an Australian company incorporated on 8 June 2018.

KMH will hold 100% of the shares on issue in KMA.

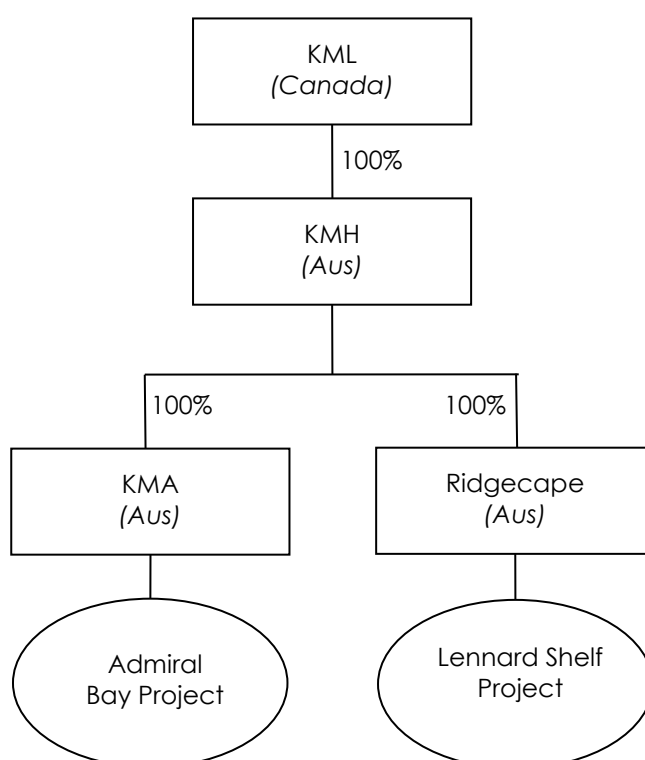
The Company is also proposing to enter into a Tenement Sale Agreement with KMA, pursuant to which the Company will agree, among other things and subject to conditions (including Shareholder approval of the Disposal), to sell the tenements and other assets comprising the Admiral Bay Project, as well as all liabilities associated with the Admiral Bay Project (including payment of existing royalty obligations which may arise), to KMA (**TSA**). The consideration payable for the transfer of the Admiral Bay assets will be a total of up to C\$32,500,000 (A\$33,258,289), which will be satisfied through the issue of shares in KMH having a value of C\$20,000,000 (A\$20,466,639) and the payment of up to C\$12,500,000 (A\$12,791,650) in cash, which will become payable upon the occurrence of certain milestones (including the completion of the IPO). Upon completion of the TSA, KMA will be the registered holder of the Company's interests in the Admiral Bay Project.

KMH will also hold 100% of the shares on issue in Ridgecape Holdings Pty Ltd (**Ridgecape**), one of the Company's existing wholly owned subsidiaries, and currently the holder of the Company's interests in the Lennard Shelf Projects. In this regard, the Company is proposing to enter into a share sale agreement with KMH, pursuant to which it will agree, among other things and subject to conditions (including Shareholder approval of the Disposal), to sell all of the shares in Ridgecape to KMH (**Ridgecape SSA**).

The Company also proposes to enter into a Share Sale Agreement with KML, pursuant to which the Company will agree, among other things and subject to conditions (including Shareholder approval of the Disposal), to sell all of the shares in KMH, to KML (**KML SSA**), currently 95% owned by the Company and the entity which it is proposed will be listed in TSX-V.

The proposed key terms and conditions of the above agreements are summarised more fully in Section 4.5.

Following completion of the above corporate restructure, the ownership of the Zinc Projects will be as follows:



The Board believes the Company's Zinc Projects are undervalued and that listing them on the TSX-V will unlock the value required to facilitate funding to progress the development of these Zinc Projects. Raising the required funds to complete a Project Feasibility Study on the Admiral Bay Project within the Company was considered by the Board to be excessively dilutive to existing shareholders, and in the Board's opinion a spin-off of its Zinc Projects will be the best option for the Company and its Shareholders.

Further details in relation to the Zinc Projects are included in Sections 4.3 and 4.4 below.

## 4.2 IPO and TSX-V listing

KML was incorporated in British Columbia on 9 May 2018. The issued capital of KML is currently 100 common shares (**KML Shares**), 95 of which are currently held by the Company and 5 of which are currently held by Justin Reid, the Non-Executive Chairman of KML.

It is also intended that up to an additional 5,000,000 Seed Capital Warrants will be issued to seed capitalists at a price of C\$0.4 each to raise up to C\$2,000,000 as part of KML's pre-IPO raising, and up to a total of 6,000,000 KML Warrants will be issued to promoters, in advance of the IPO. Some of these promoters will, subject to Shareholder approval, be Directors or their nominees (refer to Section 5 and Schedule 5 for further information). The Seed Capital Warrants will be exercisable, subject to conditions, at any time following 27 July 2018, whereas the KML Warrants only become exercisable from the date which is 18 months following completion of the IPO.

Following the Disposal, KML is proposing to undertake a capital raising through an initial public offering of KML Shares (**Public Offer**) with a view to listing on the TSX Venture Exchange.

Under the terms of the Public Offer, KML expects to raise up to C\$25,000,000 (A\$25,283,299) through the issue of up to 31,250,000 KML Shares at a proposed issue price of C\$0.80 (A\$0.81) each. KML will not be making a pro-rata or priority offer of KML Shares to existing Shareholders of the Company under the IPO, and the Company will be seeking Shareholder approval pursuant to ASX Listing Rule 11.4.1(b) (outlined in Section 4.6 below) in respect of the proposed Disposal and listing of KML on TSX-V.

The funds raised by the IPO will primarily be used to progress the Zinc Projects through drilling and project economic assessment, as well as pay the consideration for the Disposal, provide working capital and fund the costs of the IPO process.

Post the Initial Public Offer, KML is expected to have a total of approximately 61,250,100 KML Shares on issue (67,250,100 KML Shares on a fully diluted basis) and the Company is expected to hold approximately 25,000,000 of those KML Shares, giving it voting power in KML of approximately 41%, assuming no other securities are issued in KML, a successful raising of C\$25,000,000 (A\$25,283,299) under the IPO and all Seed Capital Warrants are exercised prior to listing. The Company's voting power on a fully diluted basis is expected to be approximately 37%.

## 4.3 Admiral Bay Project

The Company's Admiral Bay Project is one of the world's largest undeveloped zinc projects. The Admiral Bay Project is located in the Canning Basin, Kimberley Region in Western Australia, approximately 140km south of Broome, with close proximity to power, water, road and port infrastructure solutions and is characterised by low

elevation and fairly flat terrain and contains an extensive mineralized corridor over an 18km strike.

The total Admiral Bay Project area comprises two granted mining leases and one granted exploration licence and is owned by the Company as at the date of this Notice (though upon completion of the TSA will be owned by the Company's wholly owned subsidiary, KMA). Refer to Schedule 1 for further details in respect of the Admiral Bay tenements.

Phase 1 of the PFS also confirmed the Admiral Bay Project has the potential to support a capital efficient, long-life and low-cost zinc/lead/silver operation (refer to the Company's ASX announcement dated 10 October 2017).

On 19 July 2017, the Company signed a memorandum of understanding (**MOU**) with China Minmetals (**CMN**) for future zinc and lead offtake from the Admiral Bay Project in exchange for preliminary metallurgical and beneficiation test work. The Company's metallurgical and mineral processing test work carried out to date delivered positive results. Refer to the Company's half-yearly report for the half year ended 31 December 2017 (**Half Yearly Report**) for further information in relation to the MOU and the results of the test work carried out.

#### **4.4 Lennard Shelf Projects**

The Company's Napier Range Zinc Project and Emmanuel Range Zinc Project (together, the **Lennard Shelf Projects**) are located in the Lennard Shelf of the Kimberley Region, WA. The Lennard Shelf Projects complement the development of the Company's large scale long life Admiral Bay Project, located in the adjoining Canning Basin of the Kimberley Region, WA.

The Company's interests in the Lennard Shelf Projects are currently held by the Company's wholly owned subsidiary, Ridgecape, as at the date of this Notice.

##### ***Napier Range Zinc Project***

The Napier Range Zinc Project represents a potentially low capital and near term producing zinc production opportunity, with the Wagon Pass deposit within the project area having a JORC 2012 compliant Inferred Mineral Resources Estimate of 750Kt at 5.8% Zn, 7.2% Pb, 54g/t Ag (13.6% ZnEq) and an adjoining Exploration Target Range of 100Kt-200Kt at 10%-13% ZnEq. Refer to the Company's ASX announcements dated 27 July 2017 and 21 August 2017 for further information.

The Napier Range Zinc Project consists of 2 granted mining leases, one exploration licence applications and a granted general purposes licence. Refer to Schedule 1 for further information on the Lennard Shelf tenements.

##### ***Emmanuel Range Zinc Project***

The Emmanuel Range Zinc Project represents an early stage but highly prospective zinc exploration project with an extensive 30km strike of largely untested targets.

The Emmanuel Range Zinc Project consists of two granted exploration licences and two exploration licence applications. Refer to Schedule 1 for further information on the Lennard Shelf tenements.

## 4.5 Key Terms of Disposal

### (a) Tenement Sale Agreement – Sale of Admiral Bay to KMA

As noted above, the Company is proposing to enter into a Tenement Sale Agreement with KMA pursuant to which it will agree to sell the tenements and other assets comprising the Admiral Bay Project, as well as all liabilities associated with the Admiral Bay Project (including payment of existing royalty obligations which may arise), to its wholly owned subsidiary KMA (TSA).

The TSA is one of the stages to be completed in order to implement an appropriate corporate structure to effect the Disposal of the Company's Zinc Projects.

The proposed terms and conditions of the sale of the Admiral Bay tenements under the TSA are summarised below:

- (i) **Conditions:** The TSA will be subject to and conditional upon the satisfaction or waiver by the parties of certain conditions precedent, expected to include (among others if necessary):
  - (A) **(Ministerial approval):** Receipt of Ministerial approval in respect of each of the Admiral Bay mining leases and all other relevant regulatory consents and approvals required to give effect to the transfer of the Admiral Bay tenements to the KMA.
  - (B) **(Caveats):** The holders of each of the caveats registered against the Admiral Bay tenements (which currently protect the royalty interests noted above) removing their respective caveat or consenting to the transfer of the tenements encumbered by the caveat to KMA.
  - (C) **(Assignment of Contracts):** The assignment or novation of certain contracts containing royalty obligations to KMA.
  - (D) **(Shareholder and Regulatory Approvals):** All regulatory and shareholder approvals as required by the ASX Listing Rules or under the Corporations Act, or by any other government authority, necessary to complete the Disposal, being obtained.
- (ii) **Consideration:** The consideration payable for the sale of the Admiral Bay assets will be a total of up to C\$32,500,000 (A\$33,258,289), which will be satisfied through the issue of shares in KMH having a value of C\$20,000,000 (A\$20,466,639) and the payment of up to C\$12,500,000 (A\$12,791,650) in cash.

The cash consideration is expected to be payable in stages, including C\$500,000 (A\$511,666) payable at TSA settlement (being reimbursement of costs expended on the Admiral Bay Project to date), with the remaining amounts to be paid upon the occurrence of certain milestones, expected to include:

- (A) C\$4 million (A\$4,093,328), payable upon the successful completion of an IPO of KML and TSX-V listing of KML;

- (B) the following amounts payable on the date which is 12 months following the successful completion of an IPO of KML and TSX-V listing of KML (assuming the price per KML Share under the IPO is C\$0.80 (A\$0.81)):
- (I) if the KML Share price is below C\$0.40, then the Company will not receive any further cash consideration;
  - (II) if the KML Share price is C\$0.40, the Company will receive C\$1 million (A\$1,023,332);
  - (III) if the KML Share price is C\$0.80, the Company will receive C\$3 million (A\$3,069,996);
  - (IV) if the KML Share price is C\$1.60, the Company will receive C\$5 million (A\$5,116,660); and
  - (V) if the KML Share price is between C\$0.40 and C\$1.60, the Company will receive cash consideration on a sliding scale based on the amounts payable in paragraphs (B)(II) to (IV) (for example, if the KML Share price is C\$1.00, then the Company would receive C\$3.5 million (A\$3,581,662)); and
- (C) the following amounts payable on the date which is 24 months following the successful completion of an IPO of KML and TSX-V listing of KML (assuming the price per KML Share under the IPO is C\$0.80 (A\$0.81)):
- (I) if the KML Share price is below C\$0.40, then the Company will not receive any further cash consideration;
  - (II) if the KML Share price is C\$0.40, the Company will receive C\$1 million (A\$1,023,332);
  - (III) if the KML Share price is C\$0.80, the Company will receive C\$2 million (A\$2,046,664);
  - (IV) if the KML Share price is C\$1.60, the Company will receive C\$3 million (A\$3,069,996); and
  - (V) if the KML Share price is between C\$0.40 and C\$1.60, the Company will receive cash consideration on a sliding scale based on the amounts payable in paragraphs (C)(II) to (IV).

The KML Share prices in paragraphs (B) and (C) will be based on the volume weighted average price of KML Shares during the 20 business days prior to the dates which are 12 or 24 months following the IPO (as applicable). The payment of outstanding consideration following settlement of the TSA is expected to be secured, subject to obtaining any necessary consents from the holders of existing security interests in relation to the Admiral Bay tenements, by a



second ranking mining mortgage on standard terms, to be granted in favour of the Company by KMA.

- (iii) **Representations and warranties:** The Company will provide representations and warranties in relation to its corporate status, the tenements and the relevant contracts relating to the tenements, which are standard for an agreement of this nature. KMA will also provide similar standard representations and warranties to the Company.

The Company will indemnify KMA against loss incurred by KMA as a result of any acts or omissions of the Company in connection with the Admiral Bay tenements after the date of the TSA and prior to settlement, as well as loss suffered by KMA arising in consequence of any of the representations or warranties provided by the Company being false, misleading or incorrect.

- (iv) **Settlement:** Settlement under the TSA will be scheduled to occur 5 business days following satisfaction of the conditions precedent specified above.

(b) **Share Sale Agreement – Sale of Ridgecape to KMH**

The Company is proposing to enter into a share sale agreement with KMH, pursuant to which it will agree to sell all of the shares in Ridgecape to KMH (**Ridgecape SSA**).

This is a further stage of the proposed corporate restructure of the Metalicity group and will facilitate the ultimate sale of KMH (which will then hold 100% of KMA and 100% of Ridgecape, the two entities which will hold the Company's existing interests in the Zinc Projects) to KML in advance of it listing on TSX-V.

The proposed terms and conditions of the sale of Ridgecape under the Ridgecape SSA are summarised below:

- (i) **Conditions:** The Ridgecape SSA is expected to be subject to and conditional upon standard conditions precedent (among others if necessary), including all regulatory, third party and shareholder approvals as required by the ASX Listing Rules or under the Corporations Act, or by any other government authority, necessary to complete the sale of Ridgecape shares and the Disposal, being obtained.
- (ii) **Consideration:** Pursuant to the Ridgecape SSA, the Company will sell 100% of the shares in Ridgecape to KMH in consideration for the issue of that number of KMH Shares having a value of C\$1.00.
- (iii) **Representations and warranties:** The Company will provide representations and warranties to KMH which are standard for an agreement of this nature and will indemnify KMH from and against all loss, damage and costs suffered by KMH by reason of the warranties or representations in the Ridgecape SSA proving to be false, misleading or incorrect.

KMH will also provide similar standard representations and warranties, and provide a similar indemnity, to the Company.

- (iv) **Settlement:** Settlement under the Ridgecape SSA will be scheduled to occur 5 business days following satisfaction of the conditions precedent specified above.

(c) **Share Sale Agreement – Sale of KMH to KML**

The Company also proposes to enter into a Share Sale Agreement with KML, pursuant to which the Company will agree to sell all of the shares in KMH, to KML (**KML SSA**), currently 95% owned by the Company and the entity which it is proposed will be listed on the TSX-V.

This will be the final stage of the corporate restructure and will result in KML holding all of the Company's interests in the Zinc Projects prior to its proposed TSX-V listing.

The proposed terms and conditions of the sale of KMH under the KML SSA are summarised below:

- (i) **Conditions:** The KML SSA is expected to be subject to and conditional upon standard conditions precedent (among others if necessary), including all regulatory, third party and shareholder approvals as required by the ASX Listing Rules or under the Corporations Act, or by any other government authority (including the Foreign Investment Review Board), necessary to complete the sale of KMH shares and the Disposal, being obtained.
- (ii) **Consideration:** Pursuant to the KML SSA, the Company will sell 100% of the shares in KMH to KML in consideration for the issue of 25,000,000 KML Shares, being reflective of the market value of KMH shares.
- (iii) **Representations and warranties:** The Company will provide representations and warranties to KML which are standard for an agreement of this nature and will indemnify and keep indemnified KML from and against all loss, damage and costs suffered by KML by reason of the warranties or representations in the KML SSA proving to be false, misleading or incorrect.  
  
KML will also provide standard representations and warranties to the Company as to (among other things) its legal status and authority and provide a similar indemnity to the Company.
- (iv) **Board representatives:** The Company will be entitled to three board representatives, who will represent the interests of the Company on the KML board following settlement. As at the date of this Notice, those KML board representatives are expected to be Matthew Gauci, Mathew Longworth and Justin Barton.
- (v) **Settlement:** Settlement under the KML SSA will be scheduled to occur 5 business days following satisfaction of the conditions precedent specified above.

#### 4.6 Listing Rule 11.4

Listing Rule 11.4 provides that a company must not dispose of a major asset if, at the time of the disposal, it is aware that the entity acquiring the asset intends to issue or offer securities with a view to becoming listed. However, the rule does not apply in the following cases:

- (a) the securities except those to be retained by the company, are offered pro rata to shareholders, or in another way that in ASX's opinion is fair in all the circumstances; or
- (b) the company's shareholders approve the disposal without a pro-rata offer being made.

The Company is seeking Shareholder approval under Listing Rule 11.4.1(b).

#### 4.7 Indicative Timetable

The Company anticipates that the indicative timetable for implementation of the Disposal will be as set out below:

<b>Event</b>	<b>Date</b>
Dispatch of Notice of Meeting	26 June 2018
Date of Meeting	27 July 2018
Settlement of TSA, Ridgecape SSA and KML SSA	3 August 2018
Public filing of preliminary prospectus with Canadian securities regulatory authorities by KML (Public Offer)	24 August 2018
Resolution of comments received from Canadian securities regulatory authorities (Public Offer)	10 – 21 September 2018
Roadshow and marketing of Public Offer, subject to market conditions	17 to 28 September 2018
Public filing of (final) prospectus with Canadian securities regulatory authorities by KML	4 October 2018
Expected completion of Public Offer and KML admitted to trading on TSX-V	11 October 2018

*\*The above dates are indicative only and may change without notice.*

#### 4.8 Impact of the Disposal on the Company

As outlined in Section 4.1 above, whilst the Company will not wholly own the Projects following settlement of the Disposal, it will still retain an approximate 41% interest in KML (being a 37% interest on a fully diluted basis), which will be dependent on the amount raised under the Public Offer. The Company will therefore also have an interest in the cash raised under the Public Offer.

At 31 December 2017, the Company carried the Projects on its balance sheet at a value of A\$6.84 million.

#### 4.9 Proposed use of funds from Disposal

It is intended that the cash consideration received from the Disposal will be used by the Company to focus primarily on the development and exploration of its Kyarra Cobalt Project and Pilbara Lithium Project, as well as to pursue an expanded portfolio of other opportunities.

#### 4.10 Advantages and Disadvantages

The Directors have assessed the advantages and disadvantages of the Disposal as set out below and are of the view that the advantages outweigh the disadvantages and accordingly, the Disposal is in the best interests of the Company.

##### (a) Advantages

- (i) The Company will retain an approximate 41% interest in KML (being a 37% interest on a fully diluted basis) following the Public Offer. As such, the Company retains exposure to any upside attached to the Projects without having all of the associated risks and financing requirements.
- (ii) By disposing of the Projects and subsequently floating KML, it will provide the Projects with the capital requirements and a dedicated, experienced and highly credentialed team to allow the Projects to progress.
- (iii) The Company will still retain a management role in relation to the Projects, through the appointment of 3 board members to the KML board (expected to be Matthew Gauci, Mathew Longworth and Justin Barton), which will mean the Projects will continue to operate under a consistent, local and experienced project development team.
- (iv) Following the Disposal, Public Offer and subsequent listing of KML, the Company will have the capacity and the cash (particularly given the cash component of consideration under the TSA) to focus primarily on the development and exploration of its Kyarra Cobalt Project and Pilbara Lithium Project and pursue an expanded portfolio of other opportunities.
- (v) The Board believes the Company's zinc projects are undervalued and that an IPO on the TSX-V will unlock value required to facilitate the funding required to progress the development of the Admiral Bay Project.
- (vi) The Board considers raising the required funds to complete a Project Feasibility Study on Admiral Bay within the Company would be excessively dilutive to existing Shareholders. Structuring the transaction in the manner contemplated reduces the risk of such dilution (though a general risk of dilution to meet the Company's future capital requirements as and when required still remains).

##### (b) Disadvantages

- (i) The Company will no longer be the legal owner of the Projects. As such, the Company will no longer directly control the development of the Admiral Bay and Lennard Shelf Zinc Projects.
- (ii) There is no guarantee that, after the trading restrictions in respect of the KML Shares issued under the Public Offer are lifted, the market for the shares in KML will be liquid so that the Company can realise cash from the KML Shares.

- (iii) There is no guarantee that the market price of KML Shares will increase, and as such the value attributable to the Company's KML Shares and its indirect interest in the Projects, may decrease.

#### **4.11 Future direction of Company following Disposal**

Following settlement of the Disposal, the Company intends to focus on developing and exploring its Kyarra Cobalt Project and Pilbara Lithium Project. For further details on the Kyarra Cobalt Project and Pilbara Lithium Project, refer to the Half Yearly Report.

#### **4.12 Directors' Recommendations**

Based on the information available, each of the Directors considers that the Disposal is in the best interests of the Company. The Directors therefore unanimously recommend Shareholders vote in favour of Resolution 1.

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### **5. RESOLUTIONS 6 TO 9 – ISSUE OF KML WARRANTS TO RELATED PARTIES**

#### **5.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 2,050,000 common share purchase warrants in the capital of KML (**KML Warrants**), currently 95% owned by the Company, to Messrs Gauci, Barton, Longworth and Daley for their services as promoters of KML prior to its proposed listing on TSX-V (**Related Parties**) on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the KML Warrants constitutes giving a financial benefit and Messrs Gauci, Barton, Longworth and Daley are related parties of the Company by virtue of being Directors of the Company.

As all Directors have an interest in the proposed issue of KML Warrants, the Board is unable to form quorum to determine whether any of the exceptions set out in sections 210 to 216 of the Corporations Act apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of KML Warrants to the Related Parties.

#### **5.2 Shareholder Approval (Chapter 2E of the Corporations Act)**

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act, the following information is provided in relation to the proposed issue of KML Warrants:

- (a) the related parties are Messrs Gauci, Barton, Longworth and Daley and they are related parties by virtue of being Directors of the Company;

- (b) the maximum number of KML Warrants (being the nature of the financial benefit being provided) to be issued to the Related Parties is 2,050,000 KML Warrants, to be issued as follows:
- (i) 700,000 KML Warrants to Matthew Gauci;
  - (ii) 700,000 KML Warrants to Justin Barton;
  - (iii) 325,000 KML Warrants to Mathew Longworth; and
  - (iv) 325,000 KML Warrants to Andrew Daley;
- (c) the KML Warrants will be issued for zero cash consideration, and will otherwise be issued on the terms set out in Schedule 5;
- (d) as at the date of this Notice, the KML Warrants to be issued to the Related Parties do not have any value attributable to them as KML does not yet have any assets. However, the value of these KML Warrants has potential to increase to approximately up to C\$1,537,500 (A\$1,573,373) (in aggregate) upon the TSX-V listing of KML (based on the proposed IPO share price of C\$0.80, less the exercise price). The actual value of the KML Warrants upon KML's TSX-V listing will depend on various other factors, including the ultimate IPO share price and escrow restrictions imposed by TSX-V. The vesting and exercise of these KML Warrants will result in a dilution to the KML capital structure post IPO of approximately 3.6% (being 3.05% on a fully diluted basis), assuming no other securities are issued in KML and a successful raising of C\$25,000,000 (A\$25,283,299) under the IPO by 31 December 2018;
- (e) the relevant interests of the Related Parties in securities of the Company are set out below:

<b>Related Party</b>	<b>Shares</b>	<b>Options</b>
Matthew Gauci <sup>1</sup>	11,739,033	33,500,000
Justin Barton <sup>2</sup>	277,778	6,000,000 <sup>5</sup>
Mathew Longworth <sup>3</sup>	634,167	10,200,000
Andrew Daley <sup>4</sup>	2,558,682	12,750,000

**Notes:**

1. Held by Mr Gauci personally. The terms of these Options are as follows:
  - 5,000,000 Options exercisable at \$0.025 each on or before 01/07/2020
  - 5,000,000 Options exercisable at \$0.03 each on or before 01/07/2020
  - 5,000,000 Options exercisable at \$0.04 each on or before 01/07/2020
  - 3,500,000 Options exercisable at \$0.03 each on or before 26/11/2020
  - 3,500,000 Options exercisable at \$0.04 each on or before 26/11/2020
  - 3,500,000 Options exercisable at \$0.05 each on or before 26/11/2020
  - 2,000,000 Options exercisable at \$0.06 each on or before 31/12/2020
  - 2,000,000 Options exercisable at \$0.08 each on or before 31/12/2020
  - 1,000,000 Options exercisable at \$0.1 each on or before 31/12/2020
  - 2,000,000 Options exercisable at \$0.12 each on or before 31/12/2020
2. Held indirectly through Coventina Holdings Pty Ltd ATF Coventina Family Trust. The terms of these Options are as follows:
  - 2,000,000 Options exercisable at \$0.06 each on or before 31/12/2019

- 2,000,000 Options exercisable at \$0.08 each on or before 31/12/2019  
2,000,000 Options exercisable at \$0.10 each on or before 31/12/2019
3. Held by Mat Mining Pty Ltd <The Longworth Super Fund A/C>. The terms of these Options are as follows:
    - 2,500,000 Options exercisable at \$0.025 each on or before 01/07/2020
    - 2,500,000 Options exercisable at \$0.03 each on or before 01/07/2020
    - 2,500,000 Options exercisable at \$0.04 each on or before 01/07/2020
    - 1,750,000 Options exercisable at \$0.03 each on or before 26/11/2020
    - 1,750,000 Options exercisable at \$0.04 each on or before 26/11/2020
    - 1,750,000 Options exercisable at \$0.05 each on or before 26/11/2020
  4. Held by Mr Andrew Daley and Mrs Ineke Daley <Motherlode Super Fund A/C>. The terms of these Options are as follows:
    - 2,000,000 Options exercisable at \$0.025 each on or before 01/07/2020
    - 2,000,000 Options exercisable at \$0.03 each on or before 01/07/2020
    - 2,000,000 Options exercisable at \$0.04 each on or before 01/07/2020
    - 1,400,000 Options exercisable at \$0.03 each on or before 26/11/2020
    - 1,400,000 Options exercisable at \$0.04 each on or before 26/11/2020
    - 1,400,000 Options exercisable at \$0.05 each on or before 26/11/2020
  5. Mr Barton will also receive an additional 7,500,000 Options pursuant to Resolution 2, if approved by Shareholders.
- (f) the remuneration and emoluments from the Company to the Related Parties (inclusive of superannuation) for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

<b>Related Party</b>	<b>Current Financial Year (ending 30 June 2018)</b>	<b>Previous Financial Year (ending 30 June 2017)</b>
Matthew Gauci	\$275,000	\$289,759
Justin Barton	\$182,648	N/A <sup>1</sup>
Mathew Longworth	\$60,000	\$60,000
Andrew Daley	\$90,000	\$90,000

**Note:**

1. Mr Barton was appointed as a Director on 1 January 2018.
- (g) the primary purpose of the issue of the KML Warrants is to recognise and reward the efforts of the Directors in relation to the Company's zinc assets to date, as well as their efforts in respect of the proposed TSX-V listing of KML. The Board considers the issue of KML Warrants to Messrs Gauci, Barton, Longworth and Daley is reasonable in the circumstances for the reason set out in paragraph (h);
- (h) Matthew Gauci declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interests in the outcome of the Resolution on the basis that Matthew Gauci is to be issued KML Warrants should Resolution 6 be passed. However, in respect of Resolutions 7 to 9, Matthew Gauci recommends that Shareholders vote in favour of those Resolutions for the following reasons:

- (i) the issue of KML Warrants to the Related Parties is considered reasonable reward and recognition for the efforts of Directors in relation to the development of the Company's zinc assets to facilitate a TSX-V listing, as well as their efforts over the last 12 months in respect of the TSX-V listing process;
  - (ii) the issue of the KML Warrants is a reasonable and appropriate method to provide cost effective reward and remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration or bonuses were given to the Related Parties; and
  - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the KML Warrants upon the terms proposed and further, given the warrants are to be issued out of KML, there will be no dilutionary effects on the existing holdings of Shareholders in the Company as a result of the issue.
- (i) Justin Barton declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued KML Warrants in the Company should Resolution 7 be passed. However, in respect of Resolutions 6, 8 and 9, Justin Barton recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (h);
  - (j) Mathew Longworth declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued KML Warrants in the Company should Resolution 8 be passed. However, in respect of Resolutions 6, 7 and 9, Mathew Longworth recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (h);
  - (k) Andrew Daley declines to make a recommendation to Shareholders in relation to Resolution 9 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued KML Warrants in the Company should Resolution 9 be passed. However, in respect of Resolutions 6 to 8, Andrew Daley recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (h);
  - (l) in forming their recommendations, each Director considered the experience of each other Related Party, their contributions to the Company (in particular in relation to the Company's Zinc Projects); and
  - (m) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 6 to 9.



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## GLOSSARY

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**A\$** means Australian dollars.

**Admiral Bay Project** means the Company's Admiral Bay Zinc Project located in the Canning Basin, Western Australia, as more particularly described in Section 4.3.

**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.

**C\$** means Canadian dollars.

**Capital Raising Option** has the meaning given in item 2 of the table in Section 3.4(a).

**Chair** means the chair of the Meeting.

**Company** means Metalicity Limited (ACN 086 839 992).

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

**CMN** means China Minmetals as described in Section 4.3.

**Directors** means the current directors of the Company.

**Disposal** means the disposal of the Company's Zinc Projects to KML.

**Emmanuel Range Zinc Project** means the Company's Emmanuel Range Zinc Project located in the Lennard Shelf of the Kimberley Region, WA, as described in Section 4.4.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

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

**Half Yearly Report** means the Company's half-year report for the half year ended 31 December 2017.

**KMA** means Kimberley Mining Australia Pty Ltd, the Company's wholly owned subsidiary incorporated on 23 March 2018.

**KMH** means Kimberley Mining Holdings Pty Ltd, a wholly owned subsidiary to be incorporated by the Company shortly following the despatch of this Notice of Meeting.

**KML** means the Company's wholly owned subsidiary, Kimberly Mining Limited, a company incorporated in Canada on 9 May 2018.

**KML Share** means a fully paid common share in the capital of KML.

**KML SSA** has the meaning given to it in Section 4.1.

**KML Warrant** means a warrant in the capital of KML.

**Lennard Shelf Projects** means the Company's Napier Range Zinc Project and Emmanuel Range Zinc Project, both located in the Lennard Shelf of the Kimberley Region, WA, as described in Section 4.4.

**MOU** means the memorandum of understanding between the Company and CMN signed 19 July 2017, as described in Section 4.3.

**Napier Range Zinc Project** means the Company's Napier Range Zinc Project located in the Lennard Shelf of the Kimberley Region, WA, as described in Section 4.4.

**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 the holder of an Option.

**Performance Right** means a performance right in the capital of the Company.

**PFS** means the two-phase pre-feasibility study being undertaken in respect of the Admiral Bay Project.

**Proxy Form** means the proxy form accompanying the Notice.

**Public Offer** means the public offer to be undertaken by KML to facilitate a capital raising and TSX-V listing, as described in Section 4.2.

**Related Party Option** means the Options to be issued pursuant to Resolution 2.

**Resolution** means a resolution set out in the Notice.

**Ridgecape** means Ridgecape Holdings Pty Ltd, the Company's wholly owned subsidiary.

**Ridgecape SSA** has the meaning given to it in Section 4.1.

**Section** means a section of the Explanatory Statement.

**Seed Capital Warrant** means a warrant in the capital of KML to be issued to seed capitalists, as described in Section 4.2.

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

**Shareholder** means a registered holder of a Share.

**Tranche A Advisor Option** has the meaning given in item 6 of the table in Section 3.4(a).

**Tranche B Advisor Option** has the meaning given in item 6 of the table in Section 3.4(a).

**TSA** has the meaning given to it in Section 4.1.

**TSX-V** means the TSX Venture Exchange.

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

**Zinc Projects** or **Projects** means the Admiral Bay Project and the Lennard Shelf Projects.

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## SCHEDULE 1 – ZINC PROJECTS

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### 1. Granted Tenements

TENEMENT	PROJECT	LOCATION
M04/244	Admiral Bay	Canning Basin, WA
M04/249	Admiral Bay	Canning Basin, WA
E04/1610	Admiral Bay	Canning Basin, WA
M04/161	Napier Range	Lennard Shelf, WA
M04/162	Napier Range	Lennard Shelf, WA
G04/20	Napier Range	Lennard Shelf, WA
E04/2453	Emmanuel Range	Lennard Shelf, WA
E04/2259	Emmanuel Range	Lennard Shelf, WA

### 2. Tenements under application

MINING CLAIM	PROJECT	LOCATION
E04/2464	Napier Range	Lennard Shelf, WA
E04/2496	Emmanuel Range	Lennard Shelf, WA
E80/5095	Emmanuel Range	Lennard Shelf, WA

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## SCHEDULE 2 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS (RESOLUTION 2)

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(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price and Vesting Condition**

Subject to paragraph (i), the amount payable upon exercise of each Option will be as follows:

- (i) 2,500,000 Options will be exercisable at A\$0.06;
- (ii) 2,500,000 Options will be exercisable at A\$0.08; and
- (iii) 2,500,000 Options will be exercisable at A\$0.10,

**(Exercise Price)**. Each Option will only vest and become exercisable after 6 months from their date of issue and only if the 20-day volume weighted average price of Shares exceeds the respective Exercise Price of the relevant Option.

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the date which is three years from their date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case, no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is 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 reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

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.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

(m) **Lapse of Options**

In the event the Options have been issued to an employee of the Company, the Options will automatically expire 30 days after cessation of employment if not exercised beforehand.

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## SCHEDULE 3 – TERMS OF OPTIONS (RESOLUTIONS 3 AND 4)

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(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be:

- (i) \$0.06, in respect of the Tranche A Advisor Options;
- (ii) \$0.08 in respect of the Tranche B Advisor Options; and
- (iii) \$0.08 in respect of the Capital Raising Options,

**(Exercise Price).**

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on:

- (i) 12 March 2021 in respect of the Tranche A Advisor Options;
- (ii) 12 March 2021 in respect of the Tranche B Advisor Options; and
- (iii) 14 February 2023 in respect of the Capital Raising Options,

**(Expiry Date).**

An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date **(Exercise Period)**.

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate **(Notice of Exercise)** and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds **(Exercise Date)**.

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case, no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is 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 reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

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.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

(m) **Lapse of Options**

In the event the Options have been issued to an employee of the Company, the Options will automatically expire 30 days after cessation of employment if not exercised beforehand.

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## SCHEDULE 4 – TERMS OF PERFORMANCE RIGHTS (RESOLUTION 4)

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### ***Rights attaching to the Performance Rights***

- (a) **(Entitlement)** Each Performance Right entitles the holder (**Holder**) to subscribe for one fully paid ordinary share in the capital of the Company upon satisfaction of the Milestone (defined below) and issue of the Conversion Notice (defined below) by the Holder.
- (b) **(Notice of satisfaction of Milestone)** The Company shall give written notice to the Holder promptly following satisfaction of a Milestone or lapse of a Performance Right where the Milestone is not satisfied.
- (c) **(No voting rights)** A Performance Right does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.
- (d) **(No dividend rights)** A Performance Right does not entitle the Holder to any dividends.
- (e) **(No rights to return of capital)** A Performance Right does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (f) **(Rights on winding up)** A Performance Right does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.
- (g) **(Not transferable)** A Performance Right is not transferable.
- (h) **(Reorganisation of capital)** If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed in a manner consistent with the applicable ASX Listing Rules and Corporations Act at the time of reorganisation.
- (i) **(Application to ASX)** The Performance Rights will not be quoted on ASX. However, if the Company is listed on ASX at the time of conversion of the Performance Rights into Shares, the Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.
- (j) **(Participation in new issues)** A Performance Right does not entitle a Holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (k) **(No other rights)** A Performance Right gives the Holders 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 Performance Rights***

- (l) **(Milestone)** A Performance Right in the relevant class will be able to be converted into a Share by a Holder upon the Company's Share price trading at \$0.06 (**Milestone**).
- (m) **(Conversion Notice)** A Performance Right may be converted by the Holder giving written notice to the Company (**Conversion Notice**) prior to the date that is 3 years from the date of issue of the Performance Right. No payment is required to be made for conversion of a Performance Right to a Share.



- (n) **(Lapse)** If the Milestone is not achieved by the required date or the Conversion Notice is not given to the Company by the required date, then the relevant Performance Right will automatically lapse.
- (o) **(Issue of Shares)** The Company will issue the Share on conversion of a Performance Right within 10 Business Days following the conversion or such other period required by the ASX Listing Rules.
- (p) **(Holding statement)** The Company will issue the Holder with a new holding statement for any Share issued upon conversion of a Performance Right within 10 Business Days following the issue of the Share.
- (q) **(Ranking upon conversion)** The Share into which a Performance Right may convert will rank pari passu in all respects with existing Shares.

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## SCHEDULE 5 – TERMS OF KML WARRANTS (RESOLUTIONS 6 TO 9)

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The terms and conditions of the KML Warrants are as follows:

- (a) **Issuer:** Kimberley Mining Limited (**KML**).
- (b) **Issue:** Up to 6,000,000 promoters warrants in total (of which 2,050,000 will, subject to approval under Resolutions 6 to 9, be issued to Directors or their nominees).
- (c) **Offering Price:** Nominal consideration.
- (d) **KML Warrant:** Each KML Warrant will be exercisable for a period commencing 18 months after the completion of the IPO (as defined below) and ending 60 months from the date of issue of the KML Warrants. Each KML Warrant shall be exercisable into one KML Share at a price of \$0.05 per KML Share.
- (e) **Restriction on Issue:** The KML Warrants shall not be issued until the approval of the shareholders of Metalicity Limited shall have been obtained as required by applicable Australian corporate law and/or the ASX. The approval must be obtained prior to 31 July 2018.
- (f) **Transferability:** The KML Warrants will be non-transferable.
- (g) **IPO:** It is expected that KML will seek a listing on the TSX-V, Canadian Securities Exchange or another public market in Canada, as part of a concurrent public offering of Shares (**IPO**). If the IPO is not completed prior to 31 December 2018, the KML Warrants will terminate and cease to be exercisable.
- (h) **Escrow Requirements:** Escrow requirements are expected to be imposed by any stock exchange upon which the KML Shares are listed (e.g. 36 month escrow under TSX-V seed share resale restrictions).
- (i) **Adjustment Provisions:** Customary adjustment provisions in the event of a common share reorganization, rights offering, special distribution or capital reorganization will apply.
- (j) **Change of Control:** All restrictions on the exercise of the KML Warrants shall cease to apply immediately prior to the consummation of any change of control transaction of KML (merger, amalgamation, arrangement, takeover bid etc.).

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**LODGE YOUR VOTE****ONLINE**[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)**BY MAIL**Metalicity Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia**BY FAX**

+61 2 9287 0309

**BY HAND**Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138**ALL ENQUIRIES TO**

Telephone: +61 1300 554 474

**LODGEMENT OF A PROXY FORM**

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **10:00am (WST) on Wednesday, 25 July 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

**ONLINE**[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this Proxy Form).

**HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM****YOUR NAME AND ADDRESS**

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

**APPOINTMENT OF PROXY**

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a securityholder of the Company.

**DEFAULT TO CHAIRMAN OF THE MEETING**

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

**VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT**

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

**APPOINTMENT OF A SECOND PROXY**

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

**SIGNING INSTRUCTIONS**

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either securityholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

**CORPORATE REPRESENTATIVES**

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's security registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

NAME SURNAME  
 ADDRESS LINE 1  
 ADDRESS LINE 2  
 ADDRESS LINE 3  
 ADDRESS LINE 4  
 ADDRESS LINE 5  
 ADDRESS LINE 6



X99999999999

## PROXY FORM

I/We being a member(s) of Metalicity Limited and entitled to attend and vote hereby appoint:

STEP 1

### APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **10:00am (WST), Friday 27 July 2018 at Celtic Club, 48 Ord Street, West Perth WA 6005 (the Meeting)** and at any postponement or adjournment of the Meeting.

**Important for Resolutions 2, 6, 7, 8 and 9:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 2, 6, 7, 8 and 9 even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

STEP 2

### VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an .

#### Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Election of Director – Justin Barton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Issue of KML Warrants to Related Party – Andrew Daley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Issue of Options to Related Party – Justin Barton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3 Ratification of Prior Issue – Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Ratification of Prior Issue – Shares, Options and Performance Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5 Approval of Disposal of Interest in Zinc Projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6 Issue of KML Warrants to Related Party - Matthew Gauci	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7 Issue of KML Warrants to Related Party – Justin Barton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 Issue of KML Warrants to Related Party – Mathew Longworth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

### SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

MCT PRX1801D

