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**METALS AUSTRALIA LTD**

**ACN 008 982 474**

**NOTICE OF GENERAL MEETING**

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**TIME:** 10:30 am (WST)

**DATE:** 10th September 2018

**PLACE:** Level 1, 8 Parliament Place, West Perth WA 6005

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

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

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## IMPORTANT INFORMATION

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### Time and place of Meeting

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Notice is given that the Meeting will be held at 10:30 am (WST) on 10<sup>th</sup> September 2018 at:  
Level 1, 8 Parliament Place, West Perth WA 6005

### Your vote is important

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

### Voting eligibility

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10:30am (WST) on 8<sup>th</sup> September 2018.

### 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.

Further details on these changes are set out below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB (1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

### ***Transfer of non-chair proxy to chair in certain circumstances***

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

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – RATIFICATION OF PLACEMENT SHARES AND OPTIONS ISSUED UNDER ASX LISTING RULE 7.1

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, the Shareholders ratifies the prior issue of 3,068,000 Shares and 169,975,000 Options 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 any 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 proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or, 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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#### 2. RESOLUTION 2 – RATIFICATION OF PLACEMENT SHARES ISSUED UNDER ASX LISTING RULE 7.1A

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, the Shareholders ratifies the prior issue of 166,907,000 Shares 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 any 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 proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or, 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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#### 3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF OPTIONS TO BROKER

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, the Shareholders ratify the prior issue of 39,000,000 Options exercisable at \$0.01 each on or before 31 May 2020 on the terms and conditions set out in the Explanatory Statement to the Lead Manager of the placement and/or its nominees."*

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by any 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 proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or, 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 – FUTURE ISSUE OF SHARES AND OPTIONS

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

*"That, pursuant to Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 400,000,000 ordinary fully paid Shares, together with a maximum of one free attaching Option for every Share allotted (each Option being exercisable at \$0.01 on or before 31 May 2020 and on the terms and conditions set out in Schedule 1 to the Explanatory Statement) at a minimum issue price per Share which is at least 80% of the volume weighted average market price of Shares trading on ASX over the last 5 days on which sales in the securities were recorded before the day on which the issue was made (or if there is a prospectus or offer information statement relating to the issue, over the last 5 days on which sales in the securities were recorded before the date the prospectus or offer information statement is signed), on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting."*

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any Associates of those persons. 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, the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

**Dated: 10 August 2018**

**By order of the Board**  
**Graham Baldiseri**  
**Company Secretary**

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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 RESOLUTIONS.**

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### **1. RESOLUTION 1 – RATIFICATION OF PLACEMENT SHARES AND OPTIONS ISSUED UNDER ASX LISTING RULE 7.1**

#### **1.1 General**

On 15 February 2018, the Company announced that it issued 669,975,000 new Shares at an issue price of \$0.005 per Share and 669,975,000 free-attaching Options to raise \$3,349,875 pursuant to a placement to sophisticated investors.

The Shares and Options were issued pursuant to the Company's capacity under the following Listing Rules

<b>Listing Rule</b>	<b>Shares</b>	<b>Options</b>
7.1	500,000,000	500,000,000
7.1	3,068,000	169,975,000
7.1A	166,907,000	
Total	669,975,000	669,975,000

The company sought, and was granted, approval to issue 500,000,000 Shares and Options at the Annual General Meeting of shareholders on the 16 November 2017. These were issued pursuant to ASX Listing Rule 7.1.

The Company now seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the balance of 169,975,000 Shares and Options in respect of the Capital Raising announced on the 15 February 2018 (**Ratification**).

#### **1.2 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.

#### **1.3 ASX Listing Rule 7.4**

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that, where a company in a 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. The effect of such ratification is to restore a company's maximum discretionary power to issue further securities up to the limit imposed by Listing Rule 7.1. The Company confirms the issue of the Shares the subject of Resolution 1 did not breach Listing Rule 7.1.

The Company wishes to ratify the issue of the Shares the subject of Resolution 1 pursuant to Listing Rule 7.4, in order to allow the Company to have the right to place up to a further 15% of its issued capital under Listing Rule 7.1.

## 1.4 Technical information required by ASX Listing Rule 7.5

For the purposes of ASX Listing Rule 7.5, the following information is provided to shareholders in relation to the Ratification:

- (a) On 15 February 2018, 3,068,000 Shares and 169,975,000 Options were issued pursuant to ASX Listing Rule 7.1;
- (b) the Shares were issued at an issue price of \$0.005 per Share and the Options were issued for nil consideration.
- (c) the Shares issued were in the same class of the Company's existing quoted fully paid ordinary shares and the Options were in the same class of the Company's existing quoted Options with the terms and conditions set out in Schedule 1 to this Explanatory Memorandum;
- (d) the Shares and Options were issued to sophisticated investors who are unrelated parties of the Company;
- (e) the funds raised from this issue were used towards driving the continued exploration and development of the Company's Lac Rainy Graphite Project, its Manindi Zinc Project, its Manindi Lithium Project and for general working capital; and
- (f) a voting exclusion statement has been included in the Notice of Meeting for the purposes of Resolution 1.

## 1.5 Directors' Recommendation

If Resolution 1 is passed, the 15% limit imposed by Listing Rule 7.1 will be renewed to the extent of the ratification. The Directors unanimously recommend Shareholders vote in favour of Resolution 1.

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## 2. RESOLUTION 2 – RATIFICATION OF PLACEMENT SHARES ISSUED UNDER LISTING RULE 7.1A

### 2.1 Background

Resolution 2 seeks Shareholder ratification of the issue of the 166,907,000 Shares under Listing 7.1A as set out in section 1.1 above.

### 2.2 ASX Listing Rule 7.1A

Listing Rule 7.1A permits eligible entities, which have obtained shareholder approval by special resolution at the Company's Annual General Meeting, to issue equity securities up to an additional 10% of its issued capital by placements over a 12 month period after the Annual General Meeting (**10% Placement Capacity**).

Approval for the 10% Placement Capacity may only be obtained at the Company's Annual General Meeting. The Company previously received Shareholder approval for the 10% Placement Capacity at the Annual General Meeting held on 16 November 2017.

### 2.3 ASX Listing Rule 7.4

Listing Rule 7.4 permits to ratification of previous issues of securities made without prior shareholder approval under Listing Rule 7.1A provided the issue did not breach Listing Rule 7.1A. The effect of such ratification is to restore the company's maximum discretionary power to issue further securities up to the limit imposed by Listing Rule 7.1A. The Company confirms the issue of the Shares the subject of Resolution 2 did not breach Listing Rule 7.1A.

## **2.4 Technical information required by ASX Listing Rule 7.5**

The following information is provided to Shareholders for the purpose of Listing Rule 7.5:

- (a) On 15 February 2018, 166,907,000 Shares were issued pursuant to ASX Listing Rule 7.1A;
- (b) the Shares were issued at an issue price of \$0.005 per Share;
- (c) the Shares issued were in the same class of the Company's existing quoted fully paid ordinary shares;
- (d) the Shares were issued to sophisticated investors who are unrelated parties of the Company;
- (e) the funds raised from this issue were used towards driving the continued exploration and development of the Company's Lac Rainy Graphite Project, its Manindi Zinc Project, its Manindi Lithium Project and for general working capital; and
- (f) a voting exclusion statement has been included in the Notice of Meeting for the purposes of Resolution 2.

## **2.5 Directors' Recommendation**

If Resolution 2 is passed, the 10% limit imposed by Listing Rule 7.1A will be renewed to the extent of the ratification. The Directors unanimously recommend Shareholders vote in favour of Resolution 2.

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## **3. RESOLUTION 3 – RATIFICATION FOR THE PRIOR ISSUE OF OPTIONS TO BROKER**

### **3.1 General**

On the 8 March 2018, the Company issued a total of 39,000,000 listed Options exercisable at \$0.01 each on or before 31 May 2020 to Brave Heart Investments Pty Ltd, Mrs Luy Li, SJ Capital Pty Ltd and Quid Capital Pty Ltd, being the nominees of the participating brokers, as part consideration for their services associated with the Placement announced by the Company on 15 February 2018,

This Resolution seeks Shareholder ratification for the issue of the 39,000,000 Options.

The Company issued the securities pursuant to capacity under ASX Listing Rule 7.1.

A summary of ASX Listing Rule 7.1 is set out in Resolution 1 above.

### **3.2 Technical information required by ASX Listing Rule 7.1**

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

- i. 39,000,000 listed Options were issued pursuant to ASX Listing Rule 7.1;
- ii. the Broker Options were issued for nil cash consideration as part consideration for acting as financial arranger to the Capital Raising;
- iii. the Broker Options were issued to Brave Heart Investments Pty Ltd, Mrs Luy Li, SJ Capital Pty Ltd and Quid Capital Pty Ltd. None of these parties were related parties of the Company;



- iv. the Broker Options were issued on the terms and conditions set out in Schedule 1; and
- v. no funds were raised from the issue of Broker Options, as the Broker Options are being issued in consideration for Brave Heart Investments Pty Ltd, Mrs Luye Li, SJ Capital Pty Ltd and Quid Capital Pty Ltd capital raising and advisory services.

### **3.3 Directors' Recommendation**

The Directors unanimously recommend Shareholders vote in favour of Resolution 3.

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## **4. RESOLUTION 4 – FUTURE ISSUE OF SHARES AND OPTIONS**

Subject to shareholder approval, pursuant to Listing Rule 7.1, the Company proposes to issue up to 400,000,000 Shares with a maximum of one free attaching Option for every one Share issued (each Option exercisable at \$0.01 on or before 31 May 2020).

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

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

- (a) the maximum number of Shares which may be issued pursuant to this resolution is 400,000,000.
- (b) the Shares will be issued and allotted no later than 3 months after the date of this meeting or such later date as approved by ASX by waiver to the Listing Rules.
- (c) the shares will be allotted and issued on one date.
- (d) the Shares will be issued at a minimum issue price which is at least 80% of the average market price of Shares trading on ASX over the last 5 days on which sales in the securities were recorded before the day on which the issue was made (or if there is a prospectus or offer information statement relating to the issue, over the last 5 days on which sales in the securities were recorded before the date the prospectus or offer information statement is signed).
- (e) the proposed allottees are unknown at the date of the Notice of Meeting but will not be related parties of the Company and will be selected at the Directors discretion.
- (f) the terms of the Shares will be the same as the existing ordinary fully paid Shares in the Company.
- (g) the purpose of the issue is for ongoing mineral exploration and additional working capital. Refer to section 4.1 for further information regarding the application of the funds proposed to be raised pursuant to Resolution 4.
- (h) the issue of 400,000,000 shares will have the effect of diluting existing shareholders by approximately 17.1%, with further dilution possible depending on how many of the 400,000,000 options are exercised.
- (i) the maximum number of Options which may be issued pursuant to this resolution is 400,000,000.

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

The table below shows the dilution of existing Shareholders calculated in accordance with the issue of these shares on the basis of the market price of Shares and the number of Equity Securities on issue as at 8 August 2018.

Number of Shares on Issue	Issue Price (per Share)	\$0.002 50% decrease in Issue Price	\$0.004 Issue Price	\$0.006 50% increase in Issue Price
<b>2,339,047,777</b>	<b>Shares issued</b>	400,000,000	400,000,000	400,000,000
	<b>Dilution</b>	17.1%	17.1%	17.1%
	<b>Funds raised</b>	\$800,000	\$1,600,000	\$2,400,000

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

The table above uses the following assumptions:

1. There are currently 2,339,047,777 Shares on issue. The issue price set out above is the closing price of the Shares on the ASX on 8 August 2018.
2. The Company issues the maximum possible number of Equity Securities under this Resolution.
3. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
4. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
5. The 17.1% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
6. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under this Resolution, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

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

#### **4.1 Directors' Recommendation**

The Directors unanimously recommend Shareholders vote in favour of Resolution 4.

#### **4.2 Further information relating to application of funds under proposed capital raising pursuant to Resolution 4**

The purpose of this section is to set out below the basis upon which the Company is seeking this additional placement capacity pursuant to Resolution 4.

##### **Upcoming Exploration Campaign – Lac Rainy Graphite Project (Quebec, Canada)**

Metals Australia is proposing to undertake an exploration program at its Lac Rainy Graphite Project, located in Quebec, Canada. The program comprises two distinct stages: Phase 1 will involve completion of an access road to the Carheil Prospect, including the installation of a bridge over a water crossing. Upon completion of the access road, channel sampling (following stripping of surficial vegetation) will be undertaken along strike of the Carheil Prospect to determine the width, grade and strike continuity of known graphite mineralisation. Phase 2 will be a program of diamond drilling to test the mineralisation and better define drill targets.

The Phase 1 work program will comprise 17 ground traverses, with a cumulative total of approximately 1.6km. Overburden and vegetation will be stripped along each traverse to allow inspection of the bedrock underneath. The area is known from previous rock sampling to contain steeply dipping to sub-vertical graphite-rich rock units that trend in a NW-SE direction. Channel samples will be collected along the traverse where geological mapping identifies graphite. Depending on the width of the graphite mineralisation, approximately 500 to 800 samples generated by the sampling will be assayed for graphite (total carbon and graphitic carbon), iron and sulphur. The number of ground traverses may be increased during the course of the channel sampling if visual results appear good. Increases to the number of ground traverses will be based on extensions along strike in both directions.

The Phase 2 work program comprises a minimum of 15 diamond drill holes, for a nominal total of 1,500 metres of drilling. Depending on the width of the graphite mineralisation, approximately 500 samples generated by the drilling will be assayed for graphite (total carbon and graphitic carbon), iron and sulphur. A selection of samples will also be assayed for a multi-element suite for rock characterisation and to identify any deleterious elements. Diamond core samples will be submitted for petrographic analysis to obtain further information about the graphite mineralisation and the graphite flake size distribution.

The permitting process for the proposed access road and fieldwork has commenced with the final permit expected to be granted by early August 2018. Permits have already been granted for the proposed drilling program.

The selected contractor Magnor Exploration Inc. (Magnor) has been engaged to implement both Phase 1 and Phase 2 of the proposed work. It is anticipated that Magnor will commence mobilizing to the site in mid-August 2018. If implemented promptly, both phases of work are expected to be completed before the onset of winter conditions.

The budget for the Phase 1 program is approximately CAD\$626,500 including tax. This may increase if further channel sampling is carried out.

The budget for the Phase 2 (drilling) program is approximately CAD\$634,000, including tax.

The total minimum expenditure (if all completed) is therefore approximately CAD\$1.26 million. Breaking the work into 2 phases gives the Company more flexibility to tailor the drilling program according to the detailed exploration results from Phase 1.

On the basis that the Phase 2 drilling results and the results from Phase 1 demonstrate a high degree of success; the Company will commence preparation for an expanded diamond drilling program, which will likely commence in late November 2018. This will comprise of a winter drilling campaign and will also involve the maintenance of the road and bridge, and likely the permitting and construction of a semi-permanent camp on site. This proposed drilling program will likely comprise of a further 3,000m to 5,000m of drilling, including all ancillary costs, at a budget of approximately CAD\$2,500,000.

### **Upcoming Exploration Campaign – Lac La Corne Lithium Project (Quebec, Canada)**

Metals Australia is preparing a summer prospecting, mapping, channel sampling and rock sampling campaign over the Lac La Corne Lithium Project, located in Quebec, Canada. In 2017, the Company undertook a small-scale campaign at the Lac La Corne project primarily focused on the previously identified zone of outcropping pegmatite. During the 2017 prospecting campaign, the Company collected samples which returned anomalous lithium results. Whilst these numbers on their own were not materially high, they did provide the evidence to suggest that the mineralised zone is close to the sampled area, and that further exploration is warranted.

The Company has in place all of the required permits to complete this work and it is expected to commence this exploration campaign in late August 2018, after the work at the Lac Rainy Graphite Project has commenced and is ongoing.

The Company had previously engaged the services of Dahrouge Geological Consultants to complete the 2017 prospecting program. However, in order to streamline the geological and technical resources, the Company intends to engage Magnor to complete the upcoming program at the Lac La Corne Lithium Project.

A proposed budget of approximately CAD\$200,000 has been allocated for this work.

### **Upcoming Exploration Campaign – Manindi Lithium Project (Western Australia, Australia)**

On 12 June 2018, the Company commenced a campaign of reverse circulation (RC) percussion drilling at the Manindi Lithium Project, located in Western Australia.

The drilling program comprised three traverses of RC drilling to test three outcropping pegmatite dykes that all contain lepidolite mineralisation. A total of 17 RC holes were completed, for a total of 837 metres of drilling.

RC percussion drilling was designed to test the three outcropping pegmatite dykes. The pegmatite dykes trend east-northeast and are interpreted to be subvertical to steeply north-dipping in orientation. The drill holes were oriented accordingly to obtain intersections as close as possible to true width.

The Company has received the final laboratory results for the recent drilling program, which were released to the ASX on 24 July 2017.

The Company's Geologist is currently plotting and studying the results and will be making a recommendation to the Board as to the requirement for further drilling and metallurgical testing of the drill samples.

No budget for this follow up work has yet been prepared, however, it is reasonable to assume a further \$150,000 to \$200,000 will be required.

### **Upcoming Exploration Campaign – Manindi Zinc Deposit**

The Manindi Zinc resource is of a good grade (6.5% Zn) but is too small to justify construction of a standalone plant. It has been decided to undertake metallurgical test work to ascertain whether the ore can be beneficiated on site by Heavy Media Separation. If this test work is positive the transport cost to port will be greatly reduced as only a concentrate will be transported rather than the ore itself.

This test work, which is to be carried out in the next month, is likely to cost in the region of \$90,000 - \$100,000.

### **Exploration Budget – Upcoming and Proposed**

The upcoming exploration budget of the Company is summarised below:

<b>Project</b>	<b>Amount</b>
Phase 1 Lac Rainy Graphite Project	A\$645,876
Phase 2 Lac Rainy Graphite Project	A\$653,608
Lac La Corne Lithium Project	A\$206,186
Manindi Lithium Project	A\$200,000
Manindi Zinc Metallurgical Studies	A\$100,000
<b>Total Upcoming Budget</b>	<b>A\$1,805,670</b>

*\* Currency conversion of 1AUD: 0.97CAD applied*

The Company currently has \$2,100,000 in cash on hand as at 30 June 2018. This would leave a remaining balance of \$294,330. The Company estimates that it costs approximately \$60,000 per month for administration, salaries and other corporate overheads, including but not limited to geological support and office rent.

The proposed exploration budget of the Company is summarised below:

<b>Project</b>	<b>Amount</b>
Expanded Drilling Program at Lac Rainy Graphite Project	A\$2,577,320
<b>Total Upcoming Budget</b>	<b>A\$2,577,320</b>

*\* Currency conversion of 1AUD: 0.97CAD applied*

Based on the above analysis, and being prudent, the Company would be required to raise additional funds following the completion of the Phase 1 and Phase 2 drilling programs at the Lac Rainy Graphite Project, and before the prospecting program at the Lac La Corne Lithium Project or either of the Manindi programs. These additional funds would be required in order to enable the Company to remain solvent and to be in a position to begin the expanded drilling program at Lac Rainy and its other exploration projects.

## Glossary

**\$** means Australian dollars.

**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.

**Broker Options** has the meaning given in Section 5.

**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.

**Capital Raising** has the meaning given in Section 1.4.

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

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

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

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

**Consideration Securities** means the Consideration Shares.

**Consideration Shares** has the meaning given in Section 8.

**Constitution** means the Company's constitution.

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

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

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

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

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

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

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

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

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

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

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

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

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

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

**Settlement** means settlement under the Agreement.

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

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

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

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

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## **SCHEDULE 1 – TERMS AND CONDITIONS OF CONSIDERATION OPTIONS / CAPITAL RAISING OPTIONS / BROKER OPTIONS**

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

### **Exercise Notice.**

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



## PROXY FORM

### GENERAL MEETING

I/We

of:

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

Name:

**OR:** ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10:30 am (WST), on 10<sup>th</sup> September 2018 at Level 1, 8 Parliament Place, West Perth WA 6005, and at any adjournment thereof.

#### CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

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

#### Voting on business of the Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Ratification of Prior Issue of Shares and Options Under Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of Prior Issue of Shares Under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Prior Issue of Options to Broker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Future Issue of Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

#### Signature of Shareholder(s):

##### Individual or Shareholder 1

Sole Director/Company Secretary

##### Shareholder 2

Director

##### Shareholder 3

Director/Company Secretary

Date: \_\_\_\_\_

Contact name: \_\_\_\_\_

Contact ph. (daytime): \_\_\_\_\_

E-mail address: \_\_\_\_\_

Consent for contact by e-mail  
in relation to this Proxy Form: YES ☐ NO ☐

## Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Metals Australia Ltd, PO Box 1618, West Perth, WA 6872; or
  - (b) facsimile to the Company on facsimile number +61 8 9481 7835; or
  - (c) email to the Company at [companysecretary@kmm.com.au](mailto:companysecretary@kmm.com.au)so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**