

High Grade Metals Limited
ACN 062 879 582

Notice of Annual General Meeting

Notice is given that the Meeting will be held at:

Time: 4.00pm (AEDST)

Date: 30 November 2018

Place: Level 17, 500 Collins Street
Melbourne VIC 3000

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 Shareholders at 7.00pm (AEDST) on 28 November 2018.

Business of the Meeting

Agenda

1. Financial Statements and Reports

To table and consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2018, which includes the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report.

2. Resolution 1 – Adoption of Remuneration Report

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

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Annual Report for the financial year ended 30 June 2018."

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

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. Resolution 2 – Election of Director – Simon Francis

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

"That, for the purposes of clause 12.3 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Simon Francis, a Director who was appointed as an additional director of the Company on 8 October 2018, retires, and being eligible, is elected as a Director."

4. Resolution 3 – Election of Director – Adrien Wing

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

"That, for the purposes of clause 12.3 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Adrien Wing, a Director who was appointed as an additional director of the Company on 8 October 2018, retires, and being eligible, is elected as a Director."

5. Resolution 4 – Ratification of prior issue of 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 6,000,000 Options 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 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.

6. Resolution 5 – Removal of auditor

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

"That, pursuant to section 329(1) of the Corporations Act and for all other purposes, approval is given for the removal of Grant Thornton Audit Pty Ltd as the current auditor of the Company effective from the date of the Meeting."

7. Resolution 6 – Appointment of auditor

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

"That, subject to the passing of Resolution 5, pursuant to section 327D of the Corporations Act and for all other purposes, approval is given for the appointment of BDO Audit (SA) Pty Ltd as auditor of the Company effective from the date of the Meeting."

8. Resolution 7 – Approval of 10% Placement Capacity

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

"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the issue of Equity Securities under this Resolution (except a benefit solely by reason of being a holder of ordinary securities in the Company) and any of their associates. However, the Company will not disregard a vote cast in favour of this Resolution if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated: 22 October 2018

By order of the Board

Steven Formica
Non-Executive Director

Voting in person

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

Voting by proxy

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

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

- (a) each Shareholder has a right to appoint a proxy;
- (b) the proxy need not be a Shareholder of the Company; and
- (c) 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:

- (a) if proxy holders vote, they must cast all directed proxies as directed; and
- (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 3 9614 0600.

Explanatory Statement

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

1. Annual Report

Shareholders will be offered the opportunity to discuss the Annual Report at the Meeting. The Company will not provide a hard copy of the Annual Report to Shareholders unless specifically requested to do so. The Annual Report is available on its website at www.highgrademetals.com.au.

There is no requirement for Shareholders to approve the Annual Report. However, the Chair will allow a reasonable opportunity for Shareholders to ask questions or make comments about the Annual Report and the management of the Company. Shareholders will also be given an opportunity to ask the auditor questions as permitted by the Corporations Act.

2. Resolution 1 – Adoption of Remuneration Report

2.1 General

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

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

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

2.2 Voting consequences

The vote on Resolution 1 is advisory only and does not bind the Company or its directors. However, the Board will actively consider the outcome of the vote and comments made by Shareholders on the Remuneration Report when reviewing the Company's future remuneration policies and practices.

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (Spill Resolution) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. Resolution 2 – Election of Director – Simon Francis

3.1 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 following 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.

Mr Francis, having been appointed by other Directors on 8 October 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.

3.2 Qualifications and other material directorships

Simon Francis is a UK qualified chartered accountant with significant experience in the natural resources and minerals sector. Simon has led research in the sector in various roles at major financial institutions including Macquarie, Samsung and HSBC, in a career spanning more than 20 years. He has been involved in approximately US\$4bn of capital raising, for a number of natural resources companies, and has a deep knowledge of the requirements of institutional and sophisticated investors seeking to deploy capital in the sector. Most recently, Simon has been engaged in the financing of early stage gold mining companies to fund them to production using production agreements. He has privately funded early stage exploration companies in various metals and jurisdictions and has acted as a consultant to the banking industry on capital raisings in Hong Kong.

3.3 Independence

Mr Francis has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If elected the board considers Mr Francis will be an independent director.

3.4 Board recommendation

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

4. Resolution 3 – Election of Director – Adrien Wing

4.1 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 following 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.

Mr Wing, having been appointed by other Directors on 8 October 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.

4.2 Qualifications and other material directorships

Adrien Wing is a certified practicing accountant. He previously practiced in the audit and corporate advisory divisions of a chartered accounting firm before working with a number of public companies listed on the ASX as a corporate and accounting consultant and company secretary.

4.3 Independence

Mr Wing has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If elected the board considers Mr Wing will be an independent director.

4.4 Board recommendation

The Board supports the re-election of Mr Wing and recommends that Shareholders vote in favour of Resolution 3.

5. Resolution 4 – Ratification of prior issue of Options

5.1 General

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 6,000,000 Options issued to consultants in satisfaction of services provided to the Company. These Options were issued pursuant to the Company's placement capacity under ASX Listing Rule 7.1.

5.2 ASX Listing Rules 7.1 and 7.4

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 the issue the subject of Resolution 4, 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.

5.3 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 Resolution 4:

- (a) 6,000,000 Options were issued as follows:
 - (i) 3,500,000 Options were issued on 19 March 2018 pursuant to ASX Listing Rule 7.1; and
 - (ii) 2,500,000 Options were issued on 5 June 2018 pursuant to ASX Listing Rule 7.1;
- (b) the Options were issued for nil cash consideration in satisfaction of services provided to the Company;
- (c) the Options were issued on the terms and conditions set out in Schedule 1;
- (d) 2,500,000 Options were issued to Thomas Unterweissacher, 500,000 Options were issued to Alex Parker and 3,000,000 Options were issued to Omar Khan, who are not related parties of the Company; and

- (e) no funds were raised from this issue as the Options as they were issued in satisfaction of services provided to the Company.

6. Resolution 5 – Removal of auditor

Under section 329 of the Corporations Act, an auditor of a company may be removed from office by resolution at a general meeting of which 2 months' notice of intention to move the resolution has been given. However, if a company calls a meeting after the notice of intention has been given, the meeting may pass the resolution even though the meeting is held less than 2 months after the notice of intention is given.

The Company has received a notice of intention to move Resolution 5 and a copy of that notice has been given to the auditor as required by the Corporations Act.

Resolution 5 is an ordinary resolution seeking the removal of Grant Thornton Audit Pty Ltd as the auditor of the Company. If Resolution 5 is passed, the removal will be effective at the close of the Meeting.

7. Resolution 6 – Appointment of auditor

Under section 327D of the Corporations Act, the Company in a general meeting may appoint an auditor to replace an auditor removed under section 329 of the Corporations Act.

Resolution 6 is a special resolution seeking the appointment of BDO Audit (SA) Pty Ltd as the new auditor of the Company. As required by the Corporations Act, a nomination for BDO Audit (SA) Pty Ltd to be appointed as the auditor of the Company has been received from a Shareholder. A copy of the nomination of BDO Audit (SA) Pty Ltd as auditors is set out at Annexure A.

BDO Audit (SA) Pty Ltd has given its written consent to act as the Company's auditor in accordance with section 328A(1) of the Corporations Act subject to shareholder approval of this resolution.

If Resolutions 5 and 6 are passed, the appointment of BDO Audit (SA) Pty Ltd as the Company's auditor will take effect at the close of this Meeting and continue until the Company's next annual general meeting. Resolution 6 is subject to the passing of Resolution 5.

8. Resolution 7 – Approval of 10% Placement Capacity

8.1 General

ASX Listing Rule 7.1A provides that an "eligible entity" may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities equal to 10% of its issued capital at the time of issue calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (**Additional Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1 and without requiring further shareholder approval prior to the issue.

The Board considers it is in the Company's best interests to have the opportunity to take advantage of the flexibility to issue additional securities provided under ASX Listing Rule 7.1A. As at the date of this Notice, no decision has been made by the Board to undertake any issue of securities under the Additional Placement Capacity if Shareholders approve Resolution 7. The Board unanimously recommend that Shareholders vote in favour of Resolution 7.

The information below provides more background on ASX Listing Rule 7.1A and the disclosure required by ASX Listing Rule 7.3A.

8.2 Description of ASX Listing Rule 7.1A

(a) **Eligible entity**

Under the ASX Listing Rules, an "eligible entity" is an entity which, as at the date of the relevant resolution, is not included in the S&P/ASX300 Index and has a market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) equal to or less than \$300 million. As at 16 October 2018, the Company is an "eligible entity" as it is not included in the S&P 300 Index and has a current market capitalization of approximately \$9,964,633 (based on the number of Shares on issue and the closing price of Shares on ASX on 16 October 2018).

(b) **Special resolution**

The Additional Placement Capacity requires shareholder approval by way of a special resolution at an annual general meeting. This requires at least 75% of the votes to be cast in favour of the resolution by members entitled to vote on the resolution.

(c) **Securities which may be issued under the Additional Placement Capacity**

Under the Additional Placement Capacity, the Company must issue Equity Securities belonging to an existing quoted class of the Company's Equity Securities. As at the date of this Notice, the Company has on issue one class of quoted Equity Securities, being fully paid ordinary shares (ASX Code: HGM).

(d) **Minimum issue price**

The issue price of each Equity Security issued under the Additional Placement Capacity must be no less than 75% of the volume weighted average price for the securities in that class, calculated over the 15 ASX trading days on which trades of securities in that class were recorded immediately before:

- (i) the date on which the issue price is agreed for the securities under the Additional Placement Capacity; or
- (ii) if the securities are not issued under the Additional Placement Capacity within 5 ASX trading days of the date in paragraph (i) above, the date on which the securities are issued.
- (iii) The Company will disclose this information when Equity Securities are issued under the Additional Placement Capacity.

(e) **Time period for issue**

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

- (i) the date that is 12 months after the date of the Annual General Meeting; or
- (ii) if the Company receives Shareholder approval for a proposed transaction under ASX Listing Rule 11.1.2 (significant change to the nature or scale of activities) or ASX Listing Rule 11.2 (disposal of main undertaking), the date of that approval, after which date, an approval under ASX Listing Rule 7.1A will cease to be valid,

(Additional Placement Period).

(f) **Dilution risks**

If Equity Securities are issued under the Additional Placement Capacity, there is a risk of economic and voting dilution of existing Shareholders, including the following risks:

- (i) the market price for Equity Securities in the class of securities issued under the Additional Placement Capacity may be significantly lower on the issue date than on the date of the approval under ASX Listing Rule 7.1A (that is, the date of the Meeting, if Resolution 7 is approved); and
- (ii) the Equity Securities may be issued under the Additional Placement Capacity at a discount to the market price for those Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the market price of Shares and the number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2, both as at 16 October 2018.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue as at 16 October 2018. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlement offer or securities issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future general meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the market price as at 16 October 2018.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.011 50% decrease in Issue Price	\$0.022 Issue Price	\$0.033 50% increase in Issue Price
452,937,867 (Current Variable A)	Shares issued - 10% voting dilution	45,293,787 Shares	45,293,787 Shares	45,293,787 Shares
	Funds Raised	\$498,232	\$996,463	\$1,494,695
679,406,800 (50% increase in Variable A)	Shares issued - 10% voting dilution	67,940,680 Shares	67,940,680 Shares	67,940,680 Shares
	Funds Raised	\$747,347	\$1,494,695	\$2,242,042
905,875,734 (100% increase in Variable A)	Shares issued - 10% voting dilution	90,587,573 Shares	90,587,573 Shares	90,587,573 Shares
	Funds Raised	\$996,463	\$1,992,927	\$2,989,390

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

The table above uses the following assumptions:

- 1. There are currently 452,937,867 Shares on issue (including Shares subject to escrow).
- 2. The issue price set out above is the closing price of the Shares on the ASX on 16 October 2018.
- 3. The Company issues the maximum possible number of Equity Securities under the Additional Placement Capacity.

4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the Additional Placement Capacity consists only of Shares and the consideration provided for those Shares is cash. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

(g) **Purpose of issue under Additional Placement Capacity**

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

- (i) to provide non-cash consideration for new asset purchases or investments; or
- (ii) to raise cash to fund:
 - (A) general working capital expenses;
 - (B) activities associated with its current assets;
 - (C) repayment of debt; or
 - (D) the acquisition of new assets and investments (including any expenses associated with such an acquisition).

The Company will comply with the disclosure ASX Listing Rules 7.1A.4 and 3.10.5A on issue of any Equity Securities issued pursuant to the approval sought by Resolution 7. If Equity Securities are issued for non-cash consideration, the Company will at the time of issue of the Equity Securities provide a valuation of the non-cash consideration that demonstrates that the issue price of the securities is at or above the minimum issue price, in accordance with the Note to ASX Listing Rule 7.1A.3. The Company intends to maintain the ability to issue securities under ASX Listing Rule 7.1A for non-cash consideration.

(h) **Allocation policy under the Additional Placement Capacity**

The Company's allocation policy and the identity of the recipients of Equity Securities issued under the Additional Placement Capacity will be determined on a case-by-case basis at the time of issue and in the Company's discretion.

No decision has been made in relation to an issue of Equity Securities under the Additional Placement Capacity, including whether the Company will engage with new investors or existing Shareholders, and if so the identities of any such persons.

However, when determining of the allocation policy and the identity of the recipients, the Company will have regard to the following considerations:

- (i) prevailing market conditions;
- (ii) the purpose for the issue of the Equity Securities;
- (iii) the financial situation and solvency of the Company;
- (iv) impacts of the placement on control;
- (v) other methods of raising capital; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Recipients may include existing Shareholders or new investors, but not persons who are related parties or associates of related parties of the Company. If the issue is made in connection with the acquisition of assets, the recipients may be the sellers of those assets

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

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 24 November 2017 (**Previous Approval**).

On 19 January 2018, the Company (formerly Quest Minerals Limited) received Shareholder approval under ASX Listing Rule 11.1.2 for the significant change to the nature and scale of its activities as a result of the acquisition of 100% of the issued shares in Austrian Projects Corporation Pty Ltd (**APC**) from the APC shareholders for the purpose of acquiring a 100% interest in a suite of cobalt and gold exploration tenements in Austria (**Acquisition**). Accordingly, the Previous Approval ceased to be valid on 19 January 2018.

The Company did not issue any Equity Securities pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 30 November 2017, the Company otherwise issued a total of 336,000,000 Shares, 71,000,000 Options, 120,000,000 Class A Performance Shares and 120,000,000 Class B Performance Shares which represents approximately 552% of the total diluted number of Equity Securities on issue in the Company on 30 November 2017, which was 149,909,428.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 2.

8.3 Voting exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 7.

Glossary

\$ means Australian dollars.

AEDST means Australian Eastern Daylight Saving Time.

Additional Placement Capacity has the meaning given in Section 8.1.

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

Annual Report means the Directors' Report, the Financial Report and Auditor's Report in respect to the financial year ended 30 June 2018.

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.

Auditor's Report means the auditor's report on the Financial Report.

Board means the current board of directors of the Company.

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

Chair means the chair of the Meeting.

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

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

Company means High Grade Metals Limited (ACN 062 879 583).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

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.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

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.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's Report.

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

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.

Variable A means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

Schedule 1 – Terms and conditions of Options

The terms and conditions of the Options are as follows:

- (a) Options are being issued at a price of \$nil per Option.
- (b) Each Option entitles the holder to subscribe for and be allotted one Share, at an exercise price of \$0.12 (**Exercise Price**) on or before 30 September 2020.
- (c) The Company must, as soon as it is reasonably practicable to do so, issue shares on exercise of the Options in accordance with the Listing Rules and register the holder as a shareholder in the register of members in respect of the Shares so issued. No Option may be exercised if to do so would contravene the Corporations Act or the Listing Rules.
- (d) An Option is exercisable by the holder lodging a notice of exercise of option together with, subject to the Options terms, the Exercise Price for each Share to be issued on exercise, at the Company's registered office. The exercise of some Options only does not affect the holder's right to exercise other Options at a later time. Remittances must be made payable to the Company and cheques should be crossed "not negotiable".
- (e) The Options are freely transferrable after the vesting date, being 1 March 2019 for 3,000,000 Options, 1 May 2019 for 500,000 Options and 5 June 2019 for 2,500,000 Options.
- (f) An Option not exercised by 30 September 2020 lapses. There is no obligation to exercise the Options.
- (g) The Company must apply to the ASX for official quotation of the Shares issued on any exercise of an Option.
- (h) Shares issued on any exercise of an Option will rank pari passu with all existing Shares from the date of issue and will be entitled to each dividend for which the books closing date for determining entitlements falls after the date of issue.
- (i) There are no participating rights or entitlements inherent in the Options and the holder will not be entitled to participate in new issues of capital offered or made to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 business days after the issue is announced. This will give the holder the opportunity to exercise Options prior to the date for determining entitlements to participate in any such issue.
- (j) There will be no change to the Exercise Price of an Option in the event of the Company making a pro rata issue of Shares or other securities to shareholders (other than a bonus issue).
- (k) If there is a bonus issue to shareholders (Bonus Issue), the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
- (l) The rights of the holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation. The Company must give notice to the holder of any adjustment to the number of Shares that the holder is entitled to subscribe for or be issued on exercise of the Option or the exercise price per Share in accordance with the Listing Rules.

Schedule 2 – Issues of Equity Securities since 30 November 2017

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
Issue – 5 June 2018 Appendix 3B – 5 June 2018	2,500,000	Unquoted Options ³	Issued to consultants under the Company's placement capacity in accordance with ASX Listing Rule 7.1.	No issue price (non-cash consideration)	Non-cash Consideration: issued in satisfaction of services provided to the Company. Current value ⁷ = \$10,500
Issue – 19 March 2018 Appendix 3B – 19 March 2018	3,500,000	Unquoted Options ³	Issued to consultants under the Company's placement capacity in accordance with ASX Listing Rule 7.1.	No issue price (non-cash consideration)	Non-cash Consideration: issued in satisfaction of services provided to the Company. Current value ⁷ = \$7,500
Issue – 26 February 2018 Appendix 3B – 27 February 2018	150,000,000	Shares ²	Issued to applicants under the Company's prospectus dated 30 January 2018. Issue approved by Shareholders at the Company's general meeting held on 19 January 2018.	\$0.03 (discount of approx. 45%)	Cash Amount raised = \$4,500,000 Amount spent = \$1,720,000 Use of funds: Refer to the Company's prospectus dated 30 January 2018. Proposed use of remaining funds: ⁶ Refer to the Company's Prospectus dated 30 January 2018.
Issue – 26 February 2018 Appendix 3B – 27 February 2018	186,000,000	Shares ²	Issued to the securityholders of Australian Projects Corporation Pty Ltd (APC). Issue approved by Shareholders at the Company's general meeting held on 19 January 2018.	No issue price (non-cash consideration)	Consideration: issued in consideration for the Company's acquisition of 100% of the issued capital in APC from the APC securityholders for the purpose of acquiring a 100% interest in a suite of cobalt and gold exploration tenements in Austria (Acquisition). Current value ⁷ = \$4,092,000
Issue – 26 February 2018 Appendix 3B – 27 February 2018	65,000,000	Unquoted Options ⁴	Issued to the securityholders of APC.. Issue approved by Shareholders at the Company's general meeting held on 19 January 2018.	No issue price (non-cash consideration)	Consideration: issued in consideration for the Acquisition. Current value ⁷ = \$520,000
Issue – 26 February 2018 Appendix 3B – 27 February 2018	120,000,000	Class A Performance Shares ⁵	Issued to the securityholders of APC.	No issue price (non-cash consideration)	Consideration: issued in consideration for the Acquisition. Current value ⁷ = nil

Issue – 26 February 2018 Appendix 3B – 27 February 2018	120,000,000	Class B Performance Shares	Issued to the securityholders of APC. Issue approved by Shareholders at the Company's general meeting held on 19 January 2018.	No issue price (non-cash consideration)	Consideration: issued in consideration for the Acquisition. Current value⁷ = nil
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Notes:

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: HGM (terms are set out in the Constitution).
3. Unquoted Options exercisable at \$0.12 on or before 30 September 2020 of which 3,000,000 vest on 1 March 2019, 500,000 vest on 1 May 2019 and 2,500,000 vest on 5 June 2019.
4. Unquoted Options, exercisable at \$0.03 each, on or before 30 September 2020. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 19 January 2018.
5. Full terms and conditions in the Company's prospectus dated 30 January 2018 and in the notice of meeting for the shareholder meeting held on 19 January 2018.
6. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.
7. In respect of quoted Equity Securities the value is based on the closing price of the Shares \$0.022 on the ASX on 16 October 2018. In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk-free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares). In respect of the value of Performance Shares as the probability of achievement of the performance based conditions is uncertain and currently assessed as less likely than more likely (i.e. less than 50%) each class has been valued at nil.

Annexure A – Nomination of auditor letter

22 October 2018

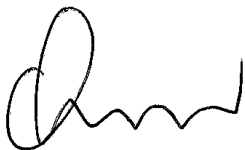
The Board of Directors
High Grade Metals Limited
Level 17, 500 Collins Street
Melbourne VIC 3000

Notice of nomination of auditor

Stevesand Holdings Pty Ltd, being a member of High Grade Metals Limited (ACN 062 879 582) (**Company**), nominates BDO Audit (SA) Pty Ltd in accordance with section 328B(1) of the *Corporations Act 2001* (Cth) (**Act**) to fill the office of auditor of the Company.

Please distribute copies of this notice of this nomination as required by section 328B(3) of the Act.

Yours faithfully



Stevesand Holdings Pty Ltd

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HIGH GRADE METALS LIMITED

ACN 062 879 583

PROXY FORM

Step 1 – Appoint a Proxy to Vote on Your Behalf

I/We

(details of registered shareholder)

being member(s) of **HIGH GRADE METALS LIMITED** hereby appoint:

☐

**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 individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting (or his nominee), as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at Level 17, 500 Collins Street Melbourne, VIC, 3000 on Friday, 30 November 2018 at 4:00pm (AEDST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1, (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2 below. **The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 1.** In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 2 – Instructions as to Voting on Resolutions

PLEASE NOTE: If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Director – Simon Francis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Director – Adrien Wing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of prior issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Removal of auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Appointment of auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Step 3 – Sign

Authorised signature/s

This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at the Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

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

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the address below no later than 48 hours prior to the time of commencement of the Meeting.

Lodge your vote:**By hand:**

Company Secretary
High Grade Metals Limited
Level 17
500 Collins Street
Melbourne, VIC, 3000

By post:

Company Secretary
High Grade Metals Limited
Level 17
500 Collins Street
Melbourne, VIC, 3000

By facsimile:

+ 61 3 9614 0550