
METALLUM LIMITED

ACN 149 230 811

NOTICE OF GENERAL MEETING

TIME: 10.30am WST

DATE: 9 January 2015

PLACE: Suite 1, Ground Floor
83 Havelock Street
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, Ms Shannon Coates, on +61 8 9322 4328.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.30am WST on 9 January 2015 at:

**Suite 1, Ground Floor
83 Havelock Street
West Perth WA 6005**

YOUR VOTE IS IMPORTANT

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

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 5.00pm (WST) on 7 January 2015.

VOTING IN PERSON

To vote in person, attend the General 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, members 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.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies

should be aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes 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;
 - the proxy does not vote on the resolution,

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

BUSINESS OF THE MEETING

AGENDA

ORDINARY BUSINESS

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF 13,800,000 OPTIONS

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

“That, for the purpose of Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of 13,800,000 Options to Bergen Global Opportunity Fund, LP on the terms and conditions set out in the Explanatory Statement that forms part of this Notice.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 1 by any of the persons who participated in the issue the subject of Resolution 1 and any Associate of those persons. However, the Company need not disregard a vote if the vote 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 vote 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.

For the purpose of this voting exclusion statement “associate” shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the “designated body”.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF 6,483,600 SHARES

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

“That, for the purpose of Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of 6,483,600 Shares to Bergen Global Opportunity Fund, LP on the terms and conditions set out in the Explanatory Statement that forms part of this Notice.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 2 by any of the persons who participated in the issue the subject of Resolution 2 and any person associated with those persons. However, the Company need not disregard a vote if the vote 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 vote 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.

For the purpose of this voting exclusion statement “associate” shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the “designated body”.

3. RESOLUTION 3 – RATIFICATION OF ISSUE OF FIRST CONVERTIBLE SECURITY

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

“That, for the purpose of Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of the First Convertible Security on 17 November 2014 on the terms

and conditions set out in the Explanatory Statement that forms part of this Notice."

Voting Exclusion: The Company will disregard any votes cast on Resolution 3 by any of the persons who participated in the issue the subject of Resolution 3 and any person associated with those persons. However, the Company need not disregard a vote if the vote 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 vote 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.

For the purpose of this voting exclusion statement "associate" shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the "designated body".

4. RESOLUTION 4 – APPROVAL TO ISSUE CONVERTIBLE SECURITIES

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

"That, for the purpose of Listing Rule 7.1 and all other purposes, Shareholders approve the issue of:

- (a) the Second Convertible Security to Bergen Global Opportunity Fund, LP;
and
- (b) the Third Convertible Security to Bergen Global Opportunity Fund, LP;

on the terms and conditions set out in the Explanatory Statement that forms part of this Notice."

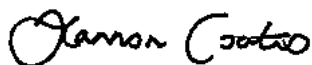
Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

For the purpose of this voting exclusion statement "associate" shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the "designated body".

OTHER BUSINESS

To transact any other business which may be properly brought before the Meeting in accordance with the Company's Constitution and the Corporations Act.

BY ORDER OF THE BOARD



Shannon Coates
Company Secretary
8 December 2014

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 which are the subject of the business of the Meeting.

BACKGROUND TO RESOLUTIONS 1, 2, 3 AND 4

On 15 November 2014, Metallum executed an agreement (**Convertible Security Agreement**) with a sophisticated, institutional investor (**Investor**) to secure up to US\$1,020,000 in funding to (i) allow the acquisition of the San Sebastian concession to be completed; (ii) ramp up production at the San Sebastian mine; and (iii) provide ongoing working capital.

Pursuant to the Convertible Security Agreement, on 17 November 2014 the Investor made an initial upfront investment of US\$270,000 in return for the issue by the Company of a single 12 month unsecured convertible security with a face value of US\$308,000 (**First Convertible Security**).

The Convertible Security Agreement provides for Investor to also invest up to an additional US\$750,000, in up to two further tranches, by way of two further 12 month unsecured convertible securities on the terms set out below.

Fee Shares and Options

Pursuant to the Convertible Security Agreement, the Company was required to pay to the Investor a commencement fee, to be satisfied by way of issue of Shares, and issue the Investor with certain Options in advance of the issue of the First Convertible Security. Therefore, on 17 November 2014 the Company issued to the Investor (i) 13,800,000 unlisted Options, exercisable at \$0.0186 (being 130% of the average of the VWAPs of the Company's shares for the 20 consecutive Actual Trading Days immediately prior to the date of the Convertible Security Agreement) on or before 17 November 2017; and (ii) 6,483,600 Shares at a deemed issue price of \$0.012 per share (Total subscription amount: US\$68,000). Ratification of the issue of these Options and Shares is sought by Resolutions 1 and 2 respectively.

Convertible Securities

The Company issued the First Convertible Security on 17 November 2014. Ratification of the issue of the First Convertible Security is sought by Resolution 3.

Approval for the future issue of the Second Convertible Security and Third Convertible Security (as defined below) is sought by Resolution 4.

Key Terms of Convertible Security Agreement

Pursuant to the Convertible Security Agreement, the Investor will invest in the Company and the Company will, in return, issue up to three unsecured Convertible Securities, each on the following terms;

- a) the First Convertible Security was issued on 17 November 2014 in return for an investment of US\$270,000 and has a face value of US\$308,000;
- b) the second convertible security will, if requested by the Company, be issued (60 days after the purchase of the First Convertible Security) in return for an investment of US\$250,000, and will have a face value of US\$288,000, or alternatively, by mutual agreement between the parties, will be issued in return for an investment of US\$500,000 and will have a face value of US\$576,000 (**Second Convertible Security**); and

- c) by mutual agreement between the parties, the third convertible security may be issued (90 days after the purchase of the Second Convertible Security) in return for an investment of US\$250,000 and will have a face value of US\$288,000 (**Third Convertible Security**).

In the event that the VWAP per Share is equal to or less than the base price of \$0.008 for any two consecutive Trading Days, the Investor may postpone the respective issue of the Second Convertible Note or Third Convertible Note by up to 60 calendar days.

The Convertible Securities have a maturity of 12 months from date of execution of the Convertible Security Agreement, which was 15 November 2014. At maturity, the Company must repay to the Investor the aggregate amount outstanding for the Convertible Securities.

Other than in situations of default, no interest is payable by the Company to the Investor in connection with the Convertible Securities.

The Investor will have the right to convert the Convertible Securities into Shares at a conversion price equal to, at its election:

- a) 90% of the average of five daily VWAPs (chosen by the investor) during the 20 consecutive Actual Trading Days before the conversion date, rounded down to the next 1/10th of a cent, or;
- b) 130% of the average of the daily VWAPs during the 20 consecutive Actual Trading Days before the date of execution of the Convertible Security Agreement.
(**Conversion Price**),

each subject to any adjustments to be made pursuant to the Convertible Securities Agreement.

It is not possible to ascertain the maximum number of Shares to be issued upon full conversion of the principal amount of the Convertible Securities (which have an aggregate face value of up to US\$1,172,000 at the date of this Notice of Meeting) as the Conversion Price is not a fixed number. The Company is however, able to give shareholders an indication of the maximum total number of Shares that could be issued upon full conversion of the Convertible Securities, based on a range of conversion prices and assuming a currency conversion rate of US\$0.85:A\$1, as follows:

Conversion Price	Maximum number of Conversion Shares	Current Shares on issue	Total Shares on issue	Dilution of existing Shareholders
\$0.008	[171,035,000] 172,352,941	395,983,465	[567,018,465] 568,336,406	[30.17%] 30.32%
\$0.010	[136,828,000] 137,882,300	395,983,465	[532,811,465] 533,865,765	[25.69%] 25.83%
\$0.015	[91,218,666] 91,921,533	395,983,465	[487,202,131] 487,914,998	[18.73%] 18.83%
\$0.020	[68,414,000] 68,941,400	395,983,465	[464,397,465] 464,924,865	[14.74%] 14.83%
\$0.025	[54,731,200] 55,152,920	395,983,465	[450,714,665] 451,136,385	[12.15%] 12.23%

The above workings are an example only and the actual Conversion Price at which the Convertible Securities convert may differ. This will result in the maximum number of Shares to be issued, and the dilution percentage, also differing.

The Convertible Security Agreement provides that, where an issuance of Shares on conversion of the Convertible Securities would result in the voting power (as defined in Chapter 6 of the Corporations Act) of the Investor, or any other person, in the Company exceeding 19.99%, the Investor must make reasonable efforts for such issuance not to have that result, including by postponing the issue of Convertible Securities for a period of up to 40 Business Days. If Convertible Securities have been issued and the issuance may have that result, the Convertible Security Agreement provides that the Company must not effect conversion but must instead repay to the Investor the amount equal to that part of the principal amount of the Convertible Security which would otherwise been the subject of such conversion.

The Company can opt, for a period of 120 days after the date of advance of a Convertible Security, to repurchase 100% of the outstanding Convertible Security at its face value on 5 business days' notice to the Investor. On receipt of such notice, the Investor may elect to exclude up to 30% of the outstanding face value of the Convertible Security from the buyback. On receipt of such notice the Investor will be unable to convert that portion of the Convertible Security that is the subject to the buyback notice (and not subject to the 30% exclusion and in relation to which the Investor has not previously issued a conversion notice).

The Investor may not convert the First Convertible Security within the first month following the execution date of the Convertible Security Agreement, other than in an event of default.

In any calendar month, the Investor must not issue conversion notices to convert greater than US\$150,000 in aggregate.

The Convertible Security Agreement contains other commercial terms and conditions considered standard for an agreement of this nature.

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF 13,800,000 OPTIONS

1.1 General

As noted above, on 17 November 2014 the Company issued 13,800,000 unlisted Options, exercisable at \$0.0186 each on or before 17 November 2017, under the Company's 15% annual placement capacity under Listing Rule 7.1, to the Investor pursuant to the Convertible Security Agreement.

The terms and conditions of the Options are set out in Annexure A to this Notice. Pursuant to the Convertible Security Agreement, if during the term of the Options the daily VWAP per Share during any twenty consecutive Actual Trading Days is at a 200% premium to the average of the daily VWAP's per Share for the 20 consecutive Actual Trading Days immediately prior to the execution date of the Convertible Security Agreement, the Company may, by notice to the Investor, require the Investor to mandatorily exercise its Options.

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.

Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It permits the ratification of securities issued without shareholder approval under Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1), those securities will be deemed to have been made with shareholder

approval for the purposes of Listing Rule 7.1. The purpose of such ratification is to restore the company's power to issue further securities, without shareholder approval, within the 15% limit.

By ratifying this issue, 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.

Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the issue of the Options, the subject of this Resolution:

- (a) 13,800,000 Options were issued for nil cash consideration;
- (b) the Options are exercisable at \$0.0186 each on or before 17 November 2017 and were otherwise issued on the terms and conditions set out at Annexure A;
- (c) the Options were issued to Bergen Global Opportunity Fund, LP, a sophisticated institutional investor who is not a related party of the Company;
- (d) no funds were raised by the issue of the Options as these were issued pursuant to the Convertible Security Agreement ; and
- (e) a voting exclusion statement has been included for the purposes of Resolution 1.

Board recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 1.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF 6,483,600 SHARES

2.1 General

As noted above, on 17 November 2014 the Company issued 6,483,600 Shares under the Company's 15% annual placement capacity under Listing Rule 7.1, to the Investor pursuant to the Convertible Security Agreement.

A summary of Listing Rules 7.1 and Listing Rule 7.4 appears in section 1.1 above.

Accordingly, Resolution 2 seeks Shareholder ratification of the issue of the Shares under Listing Rule 7.4 to provide flexibility for the Company to issue equity securities in the future under the 15% placement capacity under Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

By ratifying this issue, 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.

Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the issue of the Shares the subject of this Resolution:

- (a) 6,483,600 Shares were issued at a deemed issue price of \$0.012 per Share;

- (b) the Shares issued are fully paid ordinary shares in the capital of the Company and rank equally with the Company's existing Shares;
- (c) the Shares were issued to Bergen Global Opportunity Fund, LP, a sophisticated institutional investor who is not a related party of the Company;
- (d) no funds were raised from the issue of the Shares as these were issued pursuant to the Convertible Security Agreement; and
- (e) a voting exclusion statement has been included for the purposes of Resolution 2.

Board recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 2.

3. RESOLUTION 3 – RATIFICATION OF ISSUE OF FIRST CONVERTIBLE SECURITY

3.1 General

As noted above, the Company issued the First Convertible Security on 17 November 2014 in return for a US\$270,000 investment from the Investor.

Pursuant to the Convertible Security Agreement, on or after 15 December 2014 the Investor may elect to convert the outstanding balance of the First Convertible Security at the Conversion Price, provided that in any calendar month, a maximum of US\$150,000 in aggregate may be converted in respect of the Convertible Securities on issue.

At the time of finalisation of this Notice, no Shares had been issued on conversion of the First Convertible Security. However, the Investor may elect to convert up to US\$150,000 into Shares at the Conversion Price as set out above, prior to the date of the Meeting.

A summary of Listing Rules 7.1 and Listing Rule 7.4 appears in Section 1.1 above.

Resolution 3 seeks Shareholder ratification of the issue of the First Convertible Security, under Listing Rule 7.4 to provide flexibility for the Company to issue equity securities in the future under the 15% placement capacity under Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

The effect of Resolution 3 will be to allow the Company to 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. In addition, if Shareholders approve Resolution 3, the First Convertible Security will be convertible into Shares, in accordance with the terms of the Convertible Security Agreement, without using the Company's placement capacity, in reliance on the exception in ASX Listing Rule 7.2 exception 4.

The maximum number of Shares that may be issued on conversion of the First Convertible Security depends on the applicable Conversion Price. It is not possible to determine the maximum number of Shares that may be issued on conversion of the First Convertible Security as the Conversion Price is not a fixed number. The Company has provided Shareholders an indication of the number of Shares that could be issued upon full conversion of the Convertible Securities, based on a

range of conversion prices and assuming a currency conversion rate of US\$0.85:A\$1 on page 8 of this Notice.

Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the issue of the Securities the subject of this Resolution:

- (a) The First Convertible Security was issued on 17 November 2014;
- (b) The First Convertible Security was issued with a face value of US\$308,000. Any Shares issued on partial conversion of the First Convertible Security will be issued at the Conversion Price;

The First Convertible Security may be converted into Shares at the Conversion Price. The key terms of the Convertible Security Agreement are set out in this Explanatory Statement. Any Shares issued on conversion of the First Convertible Security will be fully paid ordinary shares in the capital of the Company and rank equally with the Company's existing Shares;

- (c) the First Convertible Security was issued to Bergen Global Opportunity Fund, LP, a sophisticated institutional investor who is not a related party of the Company;
- (d) US\$270,000 was raised from the issue of the First Convertible Security, which has been, and will be, used towards acquiring and commencing production at the San Sebastian concession at the El Roble Project in Chile and for general working capital purposes; and
- (e) a voting exclusion statement has been included for the purposes of Resolution 3.

Board recommendation

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

4. RESOLUTION 4 – APPROVAL TO ISSUE SECOND CONVERTIBLE SECURITY AND THIRD CONVERTIBLE SECURITY

4.1 General

As noted above, the Second Convertible Security will, if requested by the Company, be issued (i) in return for an investment by the Investor of US\$250,000, 60 days after the issue of the First Convertible Security, with a face value of US\$288,000; or alternatively, (ii) by mutual agreement between the parties, will be issued for an investment of US\$500,000 with a face value of US\$576,000.

By mutual agreement between the parties, the Third Convertible Security may be issued in return for an investment by the Investor of US\$250,000 90 days after the purchase of the Second Convertible Security, with a face value of US\$288,000.

The Investor may elect to convert the outstanding balance of the Convertible Securities (that is, the First Convertible Security, Second Convertible Security and Third Convertible Security) at the Conversion Price, provided that, in any calendar month,

a maximum of US\$150,000 in aggregate may be converted in respect of the remaining Convertible Securities on issue.

A summary of Listing Rule 7.1 appears in section 1.1 above.

Resolution 4 seeks Shareholder approval to issue the Second Convertible Security and the Third Convertible Security under Listing Rule 7.4 to provide flexibility for the Company to issue equity securities in the future under the 15% placement capacity under Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

The effect of Resolution 4 will be to allow the Company to 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. In addition, if Shareholders approve Resolution 4, the Convertible Securities will be convertible into Shares, in accordance with the terms of the Convertible Security Agreement, without using the Company's placement capacity, in reliance on the exception in ASX Listing Rule 7.2 exception 4.

The maximum number of Shares that may be issued on conversion of the Second and Third Convertible Securities depends on the applicable Conversion Price. It is not possible to determine the maximum number of Shares that may be issued on conversion of the Second and Third Convertible Securities as the Conversion Price is not a fixed number. The Company has provided Shareholders an indication of the number of Shares that could be issued upon full conversion of the Convertible Securities, based on a range of conversion prices and assuming a currency conversion rate of US\$0.85:A\$1 on page 8 of this Notice.

Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Securities the subject of this Resolution:

- (a) Up to two Convertible Securities will be issued pursuant to this Resolution;
- (b) The Second Convertible Security will be issued with a face value of up to US\$576,000. The Third Convertible Security will be issued with a face value of up to US\$288,000. Any Shares issued on conversion of the Convertible Securities will be issued at the Conversion Price;
- (c) The Convertible Securities may be converted into Shares at the Conversion Price. The key terms of the Convertible Security Agreement are set out in this Explanatory Statement. Any Shares issued on conversion of the Convertible Securities will be fully paid ordinary shares in the capital of the Company and rank equally with the Company's existing Shares;
- (d) the Second Convertible Security and the Third Convertible Security will be issued to Bergen Global Opportunity Fund, LP, or its nominee, a sophisticated institutional investor who is not a related party of the Company;
- (e) Up to US\$576,000 will be raised from the issue of the Second Convertible Security and up to US\$250,000 will be raised from the issue of the Third Convertible Security, which will be used towards acquiring and commencing production at the San Sebastian concession at the El Roble Project in Chile and for general working capital purposes; and

- (f) a voting exclusion statement has been included for the purposes of Resolution 4.

Board recommendation

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

5. ENQUIRIES

Shareholders are requested to contact the Company Secretary, Ms Shannon Coates, on +61 8 9322 4328 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

Actual Trading Day means a Trading Day on which trading actually takes place in the Shares on the ASX.

ASIC means Australian Securities and Investments Commission.

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

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.

Company means Metallum Limited (ACN 149 230 811).

Conversion Price has the meaning set out on page 8 of this Notice.

Convertible Securities means the First Convertible Security, Second Convertible Security and Third Convertible Security.

Convertible Security Agreement means the convertible security agreement between Metallum Limited and Bergen Global Opportunity Fund, LP, dated 15 November 2014.

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

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

First Convertible Security means the unsecured convertible security with a face value equal to US\$308,000, issued pursuant to the Convertible Security Agreement.

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

Listing Rules means the Listing Rules of ASX.

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

Options means Options exercisable at \$0.0186 each on or before 17 November 2017 and on the terms and conditions set out in Annexure A.

Proxy Form means the proxy form accompanying the Notice.

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

Second Convertible Security means an unsecured convertible security with a face value of not less than US\$288,000 and up to US\$576,000, to be issued pursuant to the Convertible Security Agreement.

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

Shareholder means a holder of a Share.

Third Convertible Security means an unsecured convertible security with a face value equal to US\$288,000, to be issued pursuant to the Convertible Security Agreement.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means volume weighted average price.

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

ANNEXURE A

TERMS AND CONDITIONS OF OPTIONS

Option Terms extracted from the Convertible Security Agreement (the "Agreement") between Metallum Limited and Bergen Global Opportunity Fund, LP, dated 15 November 2014. All capitalised terms have the meaning given to them in the Agreement as reproduced in Schedule 1 to these Option Terms.

1. Terms of the Options

1.1 Nature of Options

Each Option grants the holder the right but not the obligation to be issued by the Company one Share at A\$0.0186 (**Option Exercise Price**).

1.2 Exercise of Options

- (a) An Option holder may exercise any of its Options at any time after their grant and prior to 5.00pm WST on 17 November 2017 by delivery of:
- (i) a copy of a duly executed Option exercise form substantially in the form of Annexure A (the **Exercise Form**), to the Company on any Business Day; and
 - (ii) payment of an amount equal to the Option Exercise Price multiplied by the number of Shares in respect of which the Options are being exercised at the time.

In each Exercise Form, the Option holder must advise the Company of the details of the securities account into which the relevant Shares are to be delivered in accordance with the Agreement.

- (b) If during the term of the Options, each daily VWAP per Share during any 20 consecutive Actual Trading Days is at a 200% premium to the average of the daily VWAPs per Share for the 20 consecutive Actual Trading Days immediately prior to the Execution Date (**Option Premium Price**), the Company may, by notice to the Option holder, require the Option holder to exercise all of its Options in accordance with paragraph (a) within 20 Trading Days of the date of such notice; provided that the Option holder shall not be required to exercise the options if the VWAP per Share falls below the Option Premium Price on any Trading Day prior to the date that is 20 Trading Days following the date of such notice.

1.3 Issue of Shares on exercise of Options

As soon as reasonably practicable, but no later than on the Business Day following the date of the receipt of a duly completed Exercise Form and the payment referred to in clause 1.2(a)(ii), the Company must issue the Shares (in accordance with the Agreement) in respect of which the Options are so exercised by the Option holder and provide to the Option holder holding statements evidencing that such Shares have been recorded on the Company's Share register.

1.4 Bonus issues

If prior to an exercise of an Option, there is a bonus issue (as referred to in Listing Rule 6.22.3) the number of Shares over which an Option is exercisable shall be increased as specified in Listing Rule 6.22.3.

1.5 Rights issues

If prior to an exercise of an Option, there is a pro rata issue (except a bonus issue) as referred to in Listing Rule 6.22.2, the Option Exercise Price shall be reduced according to the formula in Listing Rule 6.22.2.

1.6 Reconstruction of capital

In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company, the rights of an Option holder will be changed to comply with the Listing Rules (currently Listing Rule 7.22) applying to a reorganisation of capital at the time of the reorganisation.

1.7 Cumulative adjustments

Full effect must be given to the provisions of clauses 1.4 to 1.6, as and when occasions for their application arise and in such manner that the effects of the successive applications of them are cumulative, the intention being that the adjustments they progressively effect will be such as to reflect, in relation to the Shares issuable on exercise of the Options outstanding, the adjustments which on the occasions in question are progressively effected in relation to Shares already on issue.

1.8 Notice of adjustments

Whenever the number of Shares over which an Option is exercisable, or the Option Exercise Price, is adjusted pursuant to the Agreement, the Company must give written notice of the adjustment to all the Option holders, within one Business Day.

1.9 No right to participate in new issues

An Option holder cannot (in its capacity as a holder of an Option) participate in new issues of Securities without exercising the Option.

1.10 Assignability and transferability

The Options are freely assignable and transferable, subject to the provisions of Chapter 6D of the Corporations Act and all applicable other Laws.

1.11 ASX filings

No later than immediately upon the issue of any Shares on exercise of an Option, the Company must duly execute and lodge with the ASX in accordance with all applicable Laws:

- (a) a Cleansing Statement substantially in the form of Annexure E to the Agreement; and
- (b) an Appendix 3B substantially in the form of Annexure G to the Agreement.

1.12 Electronic Delivery

The Company must ensure that all Shares when issued are received by the Option holder (or its designee or nominee) by electronic registration to the CHES account (or such other electronic system which provides for the recording, delivery and transfer of title by way of electronic entries, as may be required by the Option holder by notice to the Company) in accordance with the ASX Settlement Operating Rules and procedures of CHES.

1.13 Quotation

The Company must apply to the ASX for unconditional admission to trading of each parcel of Shares immediately upon their issue and use its best endeavours to obtain quotation of each parcel of the Shares on the ASX by no later than on the Trading Day immediately after the date of the issuance of such parcel. If requested by the Option holder, the Company must provide documentary evidence of the ASX's grant of quotation immediately upon quotation being granted.

1.14 Cleansing Statements

The Company must use its best endeavours to ensure that it is able to issue Cleansing Statements at all times while it remains liable to issue any Shares on exercise of an Option, including by ensuring that the Shares remain continuously quoted on the ASX without suspension for more than five Trading Days in any 12 month period. If the Company is unable to issue a Cleansing Statement due to an inability to satisfy the conditions set out in section 708A of the Corporations Act, it must apply to ASIC for the grant of relief from the relevant conditions on terms satisfactory to the Option holder, unless this requirement is waived by the Option holder.

1.15 Disclosure document

If the issue of a Cleansing Statement in respect of any issue of Shares would, in the Option holder's reasonable opinion:

- (a) not be permitted under applicable Law;
- (b) be delayed or impeded in any way by a requirement for ASIC to grant relief, or ASIC has granted relief on terms which make it likely that the issue of future Cleansing Statements in connection with the issue of Shares on exercise of an Option will be delayed or impeded; or
- (c) not result in Shares to which such Cleansing Statement would relate being eligible to be freely and immediately traded on the ASX;

then, the Company must:

- (d) as soon as practicable, but in any event no later than on the 21st calendar day after the date on which the Company would have otherwise been required to issue the relevant Shares, lodge with ASIC a disclosure document complying with Chapter 6D of the Corporations Act covering the Shares to which the Cleansing Statement would have related (**Prospectus**); and
- (e) while it remains liable under the Agreement to issue any Shares, at all times until it again becomes able to issue Cleansing Statements under applicable Law:
 - (i) ensure that offers of Shares that have been made under the Prospectus are and remain open for acceptance; and
 - (ii) lodge with ASIC a supplementary or replacement Prospectus in each circumstance contemplated by section 719(1) or section 719(1A) of the Corporations Act; and
- (f) ensure that the Prospectus (as supplemented or replaced (if applicable)) is not the subject of an order by ASIC under section 739 of the Corporations Act (that is, a stop order).

Subject to clause 1.16 below, where a lodgement of the Prospectus with ASIC is pending or before the period referred to in section 727(3) of the Corporations Act (that is, the exposure period) has expired, the Company must not issue, and the Option holder is not required to accept the issue, of the Shares.

1.16 Election for issue or payment

At any time prior to the lodgement of a disclosure document by the Company pursuant to clause 1.15 above the Option holder may elect, by notice to the Company, that the Company issue the relevant Shares, but the Option holder must give an undertaking to the Company not to sell those shares prior to lodgement of the disclosure document with ASIC otherwise than to a person who is a sophisticated or professional investor under section 708(8) or section 708(11) of the Corporations Act. An issue of Shares by the Company under this clause 1.16 does not relieve the Company of the obligation to lodge a disclosure document under clause 1.15.

1.17 Listing Rule approval

Where the issue of Shares would result in the Company breaching Listing Rule 7.1, prior to the scheduled date for the issue of such Shares, the Company must obtain approval by the requisite majority of the shareholders of the Company:

- (a) for previous issues of securities during the previous 12 months (including for any Securities already issued to the Investor) for the purposes of Listing Rule 7.4; and
- (b) to the extent allowable under the Listing Rules, future issuances of Securities for the purposes of Listing Rule 7.1,

so that the issue of the Shares may proceed without causing a breach of Listing Rule 7.1; and obligations of the Company to issue of such Shares are conditional on such approval being obtained.

1.18 Ranking of the Shares

The Company must ensure that the Shares:

- (a) rank equally in all respects with the existing Shares on the date of issue of the Shares;
- (b) are issued fully paid, free and clear of any Security Interests; and
- (c) are issued in full compliance with applicable Law and all rights of third parties.

1.19 Requirements for all issues

If any of the requirements of these terms are not satisfied in any respect in connection with any issuance of any Shares, then those Shares are not issued by the Company in accordance with or for the purposes of the Agreement, the Company's obligation to issue the Shares is not discharged, and any amount paid in respect of such Shares remains an Amount Outstanding.

SCHEDULE 1

Actual Trading Day means a Trading Day on which trading actually takes place in the Shares on the ASX.

Agreement means the Convertible Security Agreement between Metallum Limited and Bergen Global Opportunity Fund, LP, dated 15 November 2014.

Appendix 3B has the meaning given to that term in the Listing Rules.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited and the market operated by it, the Australian Securities Exchange, as applicable.

A\$ means Australian dollars.

Business Day has the meaning given to that term in the Listing Rules.

CHESS has the meaning given to that term in the ASX Settlement Operating Rules.

Cleansing Statement means a written notice by the Company to ASX pursuant to section 708A(5) of the Corporations Act meeting the requirements of section 708A(6) of the Corporations Act, in a form, and containing the information, that is sufficient to permit secondary trading on the ASX of the Shares to which it relates.

Convertible Security means each convertible security issued by the Company in accordance with the Agreement.

Corporations Act means the Corporations Act 2001 (Cth).

Law means a Listing Rule or regulation of ASX, a law, a regulation, a judicial, governmental or administrative order or determination in any jurisdiction, and a Governmental Authority regulation, order, interpretation, guideline, policy or directive.

Listing Rules means the listing rules of the ASX, as amended from time to time.

Option Exercise Price means A\$0.0186.

Options means 13,800,000 options to purchase Shares at the Option Exercise Price.

Prospectus means a disclosure document complying with Chapter 6D of the Corporations Act covering the Investor's Shares to which the Cleansing Statement would have related.

Securities means each of each Convertible Security, the Investor's Shares and the Options, and all of the foregoing collectively.

Share means an ordinary fully paid share in the capital of the Company and includes Investor's Shares.

Trading Day has the meaning given to that term in the Listing Rules.

VWAP means, in relation to a Trading Day, the volume weighted average price (in A\$), of the Shares on the ASX on that Trading Day, as reported by Bloomberg, LP or, at the Investor's election, another internationally recognised market data provider.

Lodge your vote:

By Mail:

 Metallum Limited
 Suite 1, Ground Floor
 83 Havelock Street
 West Perth, Western Australia, 6005

Alternatively you can fax your form to:

 (within Australia) 08 9322 5230
 (outside Australia) +61 8 9322 5230

For all enquiries call:

 (within Australia) 1300 288 664
 (outside Australia) +61 8 9324 2099

Shareholder Appointment of Proxy – General Meeting

For your vote to be effective this Proxy Form must be returned by 10.30am (WST) on 7 January 2015.

I/We being a Shareholder entitled to attend and vote at the Meeting, hereby appoint

☐

 The Chair of the Meeting as my/our proxy **OR**

(Name of 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 General Meeting to be held at 10:30am (WST) on 9 January 2015 at the offices of Metallum Limited, Suite 1, Ground Floor, 83 Havelock Street, West Perth Western Australia and at any adjournment thereof.

Unless indicated otherwise by ticking the "for", "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote. 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

 Please mark ☒ to indicate your direction.

Resolutions

- 1 Ratification of Prior Issue of 13,800,000 Options
- 2 Ratification of Prior Issue of 6,483,600 Shares
- 3 Ratification of Issue of First Convertible Security
- 4 Approval to Issue Convertible Securities

For Against Abstain

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<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.

SIGNATURE OF SHAREHOLDER(S):

Individual or Shareholder 1

Sole Director / Company Secretary

Shareholder 2

Director

Shareholder 3

Director / Company Secretary

Contact Name (PRINT)

Contact Number

Date

INSTRUCTIONS FOR COMPLETING 'APPOINTMENT OF PROXY' FORM

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. The appointed proxy may be an individual or body corporate.

If a Body Corporate is appointed to act as your proxy then a representative of that Body Corporate must be appointed to act as its representative. When attending the meeting, the representative must bring a formal notice of appointment as per section 250D of the Corporations Act. Such notice must be signed as required by section 127 of the Corporations Act or the Body Corporate's Constitution.

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.

Note: If you wish to appoint a second proxy, you may copy this form but you must return both forms together.

VOTING ON BUSINESS OF MEETING

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 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.

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 lodged 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.

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.

LODGEMENT OF VOTES

To be effective, a validly appointed proxy must be received by the Company **not less than 48 hours** prior to commencement of the Meeting.

Proxy appointments can be lodged by:

- a) **Post** - to Suite 1, Ground Floor, 83 Havelock Street, West Perth, Western Australia 6005; or
- b) **Facsimile** - to the Company on facsimile number +61 8 9322 5230.

Proxy Forms received later than this time will be invalid