
METALICITY LIMITED

ACN 086 839 992

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 11:00am

DATE: Friday, 25 November 2016

PLACE: CWA House, 1176 Hay Street, West Perth, Western Australia 6005

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

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm (WST) on 23 November 2016.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2016."

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

Voting Prohibition Statement:

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

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

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

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

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR CHRISTOPHER BAIN

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

"That, for the purpose of clause 13.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Christopher Bain, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY

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

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

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

5. RESOLUTION 4 – ISSUE OF OPTIONS TO RELATED PARTY – MR MATTHEW GAUCI

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 8,000,000 Options to Matthew Gauci (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Matthew Gauci (or his nominee) and any of their associates. 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
 - the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE – SHARES TO KAGARA LIMITED

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 23,000,000 Shares to Kagara Limited (In Liquidation) on the terms and conditions set out in the Explanatory Statement."

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

7. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE – OPTIONS TO MR BARRY YIN

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 4,000,000 to Mr Barry Yin on the terms and conditions set out in the Explanatory Statement."

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

8. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE – PLACEMENT SHARES

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 8,073,035 Shares on the terms and conditions set out in the Explanatory Statement."

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

9. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE – OPTIONS TO WATERHOUSE

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 1,000,000 Options to D&J Waterhouse ATF Waterhouse Super Fund A/C on the terms and conditions set out in the Explanatory Statement."

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

10. RESOLUTION 9 – RATIFICATION OF PRIOR ISSUE – OPTIONS BORG GEOSCIENCES

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 4,000,000 Options to Borg Geosciences Pty Ltd on the terms and conditions set out in the Explanatory Statement."

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

11. RESOLUTION 10 – RATIFICATION OF PRIOR ISSUE – OPTIONS TO THE BRAND AGENCY

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 10,000,000 Options to The Brand Agency Pty Ltd on the terms and conditions set out in the Explanatory Statement."

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

12. RESOLUTION 11 – RATIFICATION OF PRIOR ISSUE – SHARES TO MR BRENDAN BORG

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 1,250,000 Shares to Brendan Borg on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated: 21 October 2016

By order of the Board

**Neil Hackett
Company Secretary**

Voting in person

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

Voting by proxy

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

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

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

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

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9324 1053.

EXPLANATORY STATEMENT

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

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

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

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

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

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

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

2.2 Voting consequences

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

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

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

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

2.3 Previous voting results

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

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR CHRISTOPHER BAIN

3.1 General

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

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

Christopher Bain, who has served as a director since 2013, retires by rotation and seeks re-election.

3.2 Qualifications and other material directorships

Chris Bain - Non-executive Director – appointed 19 August 2013

Mr Bain is a geologist and mineral economist. He has over 35 years' experience in resources having worked in underground mine geology in Mt Isa and Tasmania and exploration around Broken Hill. Mr Bain has been instrumental in mining project divestitures and acquisitions, evaluations and valuations, capital raisings including several initial public offerings and ASX listings. Mr Bain was also a Director of Investor Resources Finance Pty Limited, a company based in Melbourne which provided financial advisory services to the resources industry globally. Mr Bain is a member of the Australasian Institute of Mining and Metallurgy and a graduate member of the Australian Institute of Company Directors.

Other Current Directorships

KGL Resources Limited (appointed 5 September 2013).

Former Directorships in the Last Three Years

Dart Mining Limited (resigned 18 February 2014).

Special Responsibilities

Chair of the Remuneration and Nomination Committee and Member of the Audit Committee.

Interests in Shares and Options

870,000 Shares and 10,200,000 unlisted Options.

3.3 Independence

If elected the board does consider Christopher Bain will be an independent director.

3.4 Board recommendation

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

4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY– SHARES

4.1 General

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

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

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

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$21,102,813 (based on the number of Shares on issue and the closing price of Shares on the ASX on 17 October 2016).

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

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

As at the date of this Notice, the Company currently has one (1) class of quoted Equity Securities on issue, being the Shares (ASX Code: MCT).

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

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

4.2 Technical information required by ASX Listing Rule 7.1A

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

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 4.2(a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

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

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

(10% Placement Capacity Period).

(c) Risk of voting dilution

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

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

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 17 October 2016.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.0245 50% decrease in Issue Price	\$0.049 Issue Price	\$0.0735 50% increase in Issue Price
430,669,654 (Current Variable A)	Shares issued - 10% voting dilution	43,066,965 Shares	43,066,965 Shares	43,066,965 Shares
	Funds raised	\$1,055,141	\$2,110,281	\$3,165,422
646,004,481 (50% increase in Variable A)	Shares issued - 10% voting dilution	64,600,448 Shares	64,600,448 Shares	64,600,448 Shares
	Funds raised	\$1,582,711	\$3,165,422	\$4,748,133
861,339,308 (100% increase in Variable A)	Shares issued - 10% voting dilution	86,133,931 Shares	86,133,931 Shares	86,133,931 Shares
	Funds raised	\$2,110,281	\$4,220,563	\$6,330,844

*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 430,669,654 Shares on issue.
2. The issue price set out above is the closing price of the Shares on the ASX on 17 October 2016.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

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

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

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

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current assets, general working capital, etc; or
- (ii) as non-cash consideration for the acquisition of new resources assets and investments including previously announced acquisitions, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

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

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

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

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

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

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

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

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 25 November 2015 (**Previous Approval**).

The Company has issued 34,826,965 Shares pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 25 November 2015, the Company also issued a further 82,400,000 Shares and 51,150,000 Options which represents approximately 32.43% of the total diluted number of Equity Securities on issue in the Company on 25 November 2015, which was 411,769,654 Equity Securities.

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 1.

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

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

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

4.3 Voting Exclusion

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

5. RESOLUTION 4 – ISSUE OF OPTIONS TO RELATED PARTY - MR MATTHEW GAUCI

5.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue up to 8,000,000 Options comprising of up to:

- (a) 2,000,000 Options exercisable at \$0.06 on or before 31 December 2019;
- (b) 2,000,000 Options exercisable at \$0.08 on or before 31 December 2019;
- (c) 2,000,000 Options exercisable at \$0.10 on or before 31 December 2019; and
- (d) 2,000,000 Options exercisable at \$0.12 on or before 31 December 2019,

(together, the **Related Party Options**) to Matthew Gauci (or his nominee) on the terms and conditions set out below.

Resolution 4 seeks Shareholder approval for the grant of the Related Party Options to Matthew Gauci (or his nominee).

5.2 Chapter 2E of the Corporations Act

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

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

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

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

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

5.3 ASX Listing Rule 10.11

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

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

5.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 4:

- (a) the Related Party Options will be granted to Matthew Gauci (or his nominee);
- (b) the number of Related Party Options to be issued is up to 8,000,000, comprising of up to:
 - (i) 2,000,000 Options exercisable at \$0.06 on or before 31 December 2019;

- (ii) 2,000,000 Options exercisable at \$0.08 on or before 31 December 2019;
 - (iii) 2,000,000 Options exercisable at \$0.10 on or before 31 December 2019; and
 - (iv) 2,000,000 Options exercisable at \$0.12 on or before 31 December 2019;
- (c) of the Related Party Options, up to:
- (i) 2,000,000 Options are exercisable at \$0.06 on or before 31 December 2019 and will be issued on the terms and conditions set out in Item 7 of Schedule 2 and Schedule 3;
 - (ii) 2,000,000 Options are exercisable at \$0.08 on or before 31 December 2019 and will be issued on the terms and conditions set out in Item 5 of Schedule 2 and Schedule 3;
 - (iii) 2,000,000 Options are exercisable at \$0.10 on or before 31 December 2019 and will be issued on the terms and conditions set out in Item 2 of Schedule 2 and Schedule 3; and
 - (iv) 2,000,000 Options are exercisable at \$0.12 on or before 31 December 2019 and will be issued on the terms and conditions set out in Item 6 of Schedule 2 and Schedule 3
- (d) the Related Party Options will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date; and
- (e) the Related Party Options will be issued for nil cash consideration, accordingly no funds will be raised.

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

6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE – SHARES TO KAGARA LIMITED

6.1 General

On 21 June 2016, the Company issued 23,000,000 Shares (**Kagara Shares**) at a deemed issue price of \$0.08 per Share to Kagara Limited (in Liquidation) (ACN 008 988 583) (**Kagara**) for the conclusion of commercial negotiations regarding the completion and acquisition of the Company's Admiral Bay Zinc Project.

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Kagara Shares (**First Ratification**).

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

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

By ratifying this issue, the 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.

6.2 Technical information required by ASX Listing Rule 7.4

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

- (a) 23,000,000 Kagara Shares were issued;
- (b) the deemed issue price was \$0.08 per Kagara Share;
- (c) the Kagara Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Kagara Shares were issued to Kagara. Kagara is not a related party of the Company; and
- (e) no funds raised from this issue as the Kagara Shares were issued in completion of commercial negotiations and consideration for the execution of a Deed of Release and Termination covering all potential future payments and obligations owing to Kagara relating to the acquisition of the Admiral Bay Zinc Project as set out in the Company's ASX announcement dated 20 June 2016.

7. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE – OPTIONS TO MR BARRY YIN

7.1 Background to Resolutions 6 and 7

As announced on 6 June 2016, the Company has recently undertaken a placement of 42,900,000 Shares at an issue price of \$0.07 per Share to raise approximately \$3,000,000 to advance the Company's lithium exploration and business development strategy (**Placement**).

7.2 General

On 13 June 2016, the Company issued 4,000,000 Options (**Placement Options**) to Mr Barry Yin for consideration for the facilitation of the Placement.

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Placement Options (**Second Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 6.1 above.

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.

7.3 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 the Second Ratification:

- (a) 4,000,000 Placement Options were issued;
- (b) the issue price was nil per Placement Option;
- (c) the Placement Options are exercisable at \$0.06 on or before 13 June 2017 and were otherwise issued on the terms and conditions set out in Item 1 of Schedule 2 and Schedule 3;
- (d) the Placement Options were issued to Mr Barry Yin. Mr Barry Yin is not a related party of the Company; and
- (e) no funds raised from this issue rather the Placement Options were issued to Mr Barry Yin as consideration for assisting with the facilitation of the Placement.

8. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE – PLACEMENT SHARES

8.1 General

On 7 June 2016, the Company issued 42,900,000 Shares pursuant to the Placement. Of these 42,900,000 Shares, 8,073,035 Shares (**Placement Shares**) were issued without shareholder approval pursuant to ASX Listing Rule 7.1

Resolution 7 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Placement Shares (**Third Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 6.1 above.

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.

8.2 Technical information required by ASX Listing Rule 7.4

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

- (a) 8,073,035 Placement Shares were issued;
- (b) the issue price was \$0.07 per Placement Share;
- (c) the Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Placement Shares were issued to the controllers of China New United Shanghai Metal Resources Co, Ltd. None of these subscribers are related parties of the Company; and
- (e) the funds raised from the Placement were used to advance the Company's lithium exploration and business development strategy.

9. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE – OPTIONS TO WATERHOUSE

9.1 General

On 19 April 2016, the Company issued 1,000,000 Options (**Waterhouse Options**) to D&J Waterhouse ATF Waterhouse Super Fund A/C as consideration for investor relation services provided to the Company.

Resolution 8 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Waterhouse Options (**Fourth Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 6.1 above.

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.

9.2 Technical information required by ASX Listing Rule 7.4

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

- (a) 1,000,000 Waterhouse Options were issued;
- (b) the issue price was nil per Waterhouse Option;
- (c) the Waterhouse Options are exercisable at \$0.20 on or before 31 December 2019 and were otherwise issued on the terms and conditions set out in Item 2 of Schedule 2 and Schedule 3;
- (d) the Options were issued to D&J Waterhouse ATF Waterhouse Super Fund A/C. D&J Waterhouse ATF Waterhouse Super Fund A/C is not a related party of the Company; and
- (e) no funds were raised from this issue as the Waterhouse Options were issued to D&J Waterhouse ATF Waterhouse Super Fund A/C in consideration for investor relation services.

10. RESOLUTION 9 – RATIFICATION OF PRIOR ISSUE – OPTIONS TO BORG GEOSCIENCES

10.1 General

On 3 March 2016, the Company issued 4,000,000 Options, comprising of:

- (a) 2,000,000 Options exercisable at \$0.03 on or before 31 December 2019; and
- (b) 2,000,000 Options exercisable at \$0.04 on or before 31 December 2019,

(together, the **Borg Options**) to Borg Geosciences as consideration for exploration and geological services provided to the Company.

Resolution 9 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Borg Options (**Fifth Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 6.1 above.

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.

10.2 Technical information required by ASX Listing Rule 7.4

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

- (a) 4,000,000 Borg Options were issued, consisting of:
 - (i) 2,000,000 Options exercisable at \$0.03 on or before 31 December 2019; and
 - (ii) 2,000,000 Options exercisable at \$0.04 on or before 31 December 2019;
- (b) the issue price was nil per Borg Option;
- (c) of the Borg Options:
 - (i) 2,000,000 Options are exercisable at \$0.03 on or before 31 December 2019 and were otherwise issued on the terms and conditions set out in Item 3 of Schedule 2 and Schedule 3; and
 - (ii) 2,000,000 Options are exercisable \$0.04 on or before 31 December 2019 and were otherwise issued on the terms and conditions set out in Item 4 of Schedule 2 and Schedule 3;
- (d) the Borg Options were issued to Borg Geosciences. Borg Geosciences is not a related party of the Company; and
- (e) no funds were raised from this issue as the Borg Options were issued to Borg Geosciences in consideration for exploration and geological services.

11. RESOLUTION 10 – RATIFICATION OF PRIOR ISSUE – OPTIONS TO THE BRAND AGENCY

11.1 General

On 17 February 2016, the Company issued 10,000,000 Options, comprising of:

- (a) 4,000,000 Options exercisable at \$0.04 on or before 31 December 2019;
- (b) 3,000,000 Options exercisable at \$0.08 on or before 31 December 2019; and
- (c) 3,000,000 Options exercisable at \$0.12 on or before 31 December 2019,

(together, the **Brand Options**) to The Brand Agency as consideration for investor relation services provided to the Company.

Resolution 10 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Brand Options (**Sixth Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 6.1 above.

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.

11.2 Technical information required by ASX Listing Rule 7.4

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

- (a) 10,000,000 Brand Options were issued, consisting of:
 - (i) 4,000,000 Options exercisable at \$0.04 on or before 31 December 2019;
 - (ii) 3,000,000 Options exercisable at \$0.08 on or before 31 December 2019; and
 - (iii) 3,000,000 Options exercisable at \$0.12 on or before 31 December 2019;
- (b) the issue price was nil per Brand Option;
- (c) of the Brand Options:
 - (iv) 4,000,000 Options are exercisable at \$0.04 on or before 31 December 2019 and were otherwise issued on the terms and conditions set out in Item 4 of Schedule 2 and Schedule 3;
 - (v) 3,000,000 Options are exercisable at \$0.08 on or before 31 December 2019 and were otherwise issued on the terms and conditions set out in Item 5 of Schedule 2 and Schedule 3; and
 - (vi) 3,000,000 Options are exercisable at \$0.12 on or before 31 December 2019 and were otherwise issued on the terms and conditions set out in Item 6 of Schedule 2 and Schedule 3;
- (d) the Brand Options were issued to The Brand Agency. The Brand Agency is not a related party of the Company; and
- (e) no funds were raised from this issue as the Brand Options were issued to The Brand Agency in consideration for investor relation services.

12. RESOLUTION 11 – RATIFICATION OF PRIOR ISSUE – SHARES TO MR BRENDAN BORG

12.1 General

On 17 February 2016, the Company issued 1,250,000 Shares (**Borg Shares**) to Brendan Borg as consideration for geological consultancy services provided to the Company.

Resolution 11 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Borg Shares (**Seventh Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 6.1 above.

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.

12.2 Technical information required by ASX Listing Rule 7.4

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

- (f) 1,250,000 Borg Shares were issued;
- (g) the deemed issue price was \$0.02 per Borg Shares;
- (h) the Borg Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (i) the Borg Shares were issued to Brendan Borg. Brendan Borg is not a related party of the Company; and
- (j) no funds were raised from this issue as the Borg Shares were issued to Brendan Borg in consideration for geological consulting services.

GLOSSARY

\$ means Australian dollars.

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

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

ASIC means the Australian Securities & Investments Commission.

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

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Borg Geosciences means Borg Geosciences Pty Ltd (ACN 135 227 753).

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 Metalicity Limited (ACN 086 839 992).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

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

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

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

Explanatory Statement means the explanatory statement accompanying the Notice.

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

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

Option means an option to acquire a Share.

Optionholder means a holder of an Option or Related Party Option as the context requires.

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

Proxy Form means the proxy form accompanying the Notice.

Related Party Option means an Option granted pursuant to Resolution 4 with the terms and conditions set out in Schedule 2.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2016.

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.

The Brand Agency means The Brand Agency Pty Ltd (ACN 052 451 420).

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

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

SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 25 NOVEMBER 2015

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
Issue – 21 June 2016 Appendix 3B – 21 June 2016	23,000,000	Shares ²	Kagara Limited (in Liquidation)	Deemed issue price of \$0.08	Consideration: issued in conclusion of commercial negotiations regarding completion and acquisition of the Company's Admiral Bay Zinc Project Current value ¹⁴ = \$1,150,000
Issue – 13 June 2016 Appendix 3B – 13 June 2016	4,000,000	Unquoted Options ³	Cong Mining as consideration for the facilitation of the Placement	N/A – issued as consideration for Placement facilitation	Consideration: issued as consideration for Placement facilitation Current value ¹⁴ = \$197,200
Issue – 13 June 2016 Appendix 3B – 13 June 2016	4,000,000	Shares ²	Mr Barry Yin c/o Cong Mining Pty Ltd	2,000,000 Shares issued upon conversion of options at \$0.03. 2,000,000 Shares issued upon conversion of options at \$0.04.	Amount raised = \$140,000 Amount spent = \$140,000 Use of funds Feasibility study on Admiral Bay Zinc Project Amount remaining = Nil Proposed use of remaining funds ¹³ N/A
Issue – 7 June 2016 Appendix 3B – 7 June 2016	42,900,000	Shares ²	Placement to sophisticated and professional investors	\$0.07 per Share representing a discount of 7.89%	Amount raised = \$3,003,000 Amount spent = \$500,000 Use of funds to advance the Company's lithium exploration and business development strategy Amount remaining = \$2,503,000 Proposed use of remaining funds ¹³ Advance Lithium exploration and feasibility study on Admiral Bay Zinc Project
Issue – 19 April 2016 Appendix 3B – 19 April 2016	1,000,000	Unquoted Options ⁴	D&J Waterhouse ATF Waterhouse Super Fund A/C as consideration for investor relation services.	Nil	Consideration: issued as consideration for investor relation services Current value ¹⁴ = \$49,300
Issue – 3 March 2016 Appendix 3B – 4 March 2016	2,000,000	Unquoted Options ⁵	Borg Geosciences as consideration for exploration and geological services.	Nil	Consideration: issued as consideration for exploration and geological services Current value ¹⁴ = \$23,000
Issue – 3 March 2016 Appendix 3B – 4 March 2016	2,000,000	Unquoted Options ⁶	Borg Geosciences as consideration for exploration and geological services.	Nil	Consideration: issued as consideration for exploration and geological services Current value ¹⁴ = \$19,600

Issue – 22 February 2016 Appendix 3B – 22 February 2016	6,000,000	Shares ²	Issued to optionholders upon exercise of ESOP Options	2,000,000 Shares issued upon conversion of options at \$0.025. 2,000,000 Shares issued upon conversion of options at \$0.03. 2,000,000 Shares issued upon conversion of options at \$0.04.	Amount raised = \$190,000 Amount spent = \$190,000 Use of funds Feasibility study on the Company's Admiral Bay Zinc Project Amount remaining = Nil Proposed use of remaining funds ¹³ N/A
Issue – 17 February 2016 Appendix 3B – 18 February 2016	1,250,000	Shares ²	Brendan Borg as consideration for geological consultancy services.	Deemed issue price of \$0.02	Consideration: issued as consideration for geological consultancy services. Current value ¹⁴ = \$62,500
Issue – 17 February 2016 Appendix 3B – 18 February 2016	4,000,000	Unquoted Options ⁶	The Brand Agency as consideration for investor relation services.	Nil	Consideration: issued as consideration for investor relation services. Current value ¹⁴ = \$154,400
Issue – 17 February 2016 Appendix 3B – 18 February 2016	3,000,000	Unquoted Options ⁷	The Brand Agency as consideration for investor relation services.	Nil	Consideration: issued as consideration for investor relation services. Current value ¹⁴ = \$101,400
Issue – 17 February 2016 Appendix 3B – 18 February 2016	3,000,000	Unquoted Options ⁸	The Brand Agency as consideration for investor relation services.	Nil	Consideration: issued as consideration for investor relation services. Current value ¹⁴ = \$91,200
Issue – 15 January 2016 Appendix 3B – 18 January 2016	5,250,000	Shares ²	Optionholders upon conversion of unquoted options	Nil	Amount raised = \$105,000 Amount spent = \$105,000 Use of funds Feasibility study on the Company's Admiral Bay Zinc Project Amount remaining = Nil Proposed use of remaining funds ¹³ N/A
Issue – 11 December 2015 Appendix 3B – 11 December 2015	2,000,000	Unquoted Options ⁹	Employees under ESOP	Nil	Consideration: issued to employees under ESOP Current value ¹⁴ = \$12,400
Issue – 11 December 2015 Appendix 3B – 11	10,050,000	Unquoted Options ¹⁰	Directors pursuant to shareholder approval at 27 November 2015	Nil	Consideration: issued to directors as remuneration. Current value ¹⁴ = \$36,560

December 2015			AGM		
Issue – 11 December 2015 Appendix 3B – 11 December 2015	10,050,000	Unquoted Options ¹¹	Directors pursuant to shareholder approval at 27 November 2015 AGM	Nil	Consideration: issued to directors as remuneration. Current value ¹⁴ = \$36,560
Issue – 11 December 2015 Appendix 3B – 11 December 2015	10,050,000	Unquoted Options ¹²	Directors pursuant to shareholder approval at 27 November 2015 AGM	Nil	Consideration: issued to directors as remuneration. Current value ¹⁴ = \$36,560

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: MCT (terms are set out in the Constitution).
3. Unquoted Options, exercisable at \$0.06 each, on or before 13 June 2017.
4. Unquoted Options, exercisable at \$0.10 each, on or before 31 December 2019.
5. Unquoted Options, exercisable at \$0.03 each, on or before 31 December 2019.
6. Unquoted Options, exercisable at \$0.04 each, on or before 31 December 2019.
7. Unquoted Options, exercisable at \$0.08 each, on or before 31 December 2019.
8. Unquoted Options, exercisable at \$0.12 each, on or before 31 December 2019.
9. Unquoted Options, exercisable at \$0.025 each, on or before 10 December 2020.
10. Unquoted Options, exercisable at \$0.03 each, on or before 10 December 2020.
11. Unquoted Options, exercisable at \$0.04 each, on or before 10 December 2020.
12. Unquoted Options, exercisable at \$0.05 each, on or before 10 December 2020.
13. 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.
14. In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.049) on the ASX on 17 October 2016. 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).

SCHEDULE 2 – SPECIFIC TERMS AND CONDITIONS OF OPTIONS

Item 1 – Terms and Conditions of Options

(a) Exercise Price

Subject to paragraph (g) of Schedule 3, the amount payable upon exercise of each Option will be \$0.06 (**Exercise Price**).

(b) Expiry Date

Each Option will expire at 5:00 pm (WST) on 13 June 2017 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) Other Terms and Conditions

The Placement Options will otherwise be issued on the terms and conditions as set out in Schedule 3.

Item 2 – Terms and Conditions of Options

(a) Exercise Price

Subject to paragraph (g) of Schedule 3, the amount payable upon exercise of each Option will be \$0.10 (**Exercise Price**).

(b) Expiry Date

Each Option will expire at 5:00 pm (WST) on 31 December 2019 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry.

(c) Other Terms and Conditions

The Waterhouse Options will otherwise be issued on the terms and conditions as set out in Schedule 3.

Item 3 – Terms and Conditions of Options

(a) Exercise Price

Subject to paragraph (g) of Schedule 3, the amount payable upon exercise of each Option will be \$0.03 (**Exercise Price**).

(b) Expiry Date

Each Option will expire at 5:00 pm (WST) on 31 December 2019 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry.

(c) Other Terms and Conditions

The Options will otherwise be issued on the terms and conditions as set out in Schedule 3.

Item 4 – Terms and Conditions of Options

(a) Exercise Price

Subject to paragraph (g) of Schedule 3, the amount payable upon exercise of each Option will be \$0.04 (**Exercise Price**).

(b) Expiry Date

Each Option will expire at 5:00 pm (WST) on 31 December 2019 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry.

(c) Other Terms and Conditions

The Options will otherwise be issued on the terms and conditions as set out in Schedule 3.

Item 5 – Terms and Conditions of Options

(a) Exercise Price

Subject to paragraph (g) of Schedule 3, the amount payable upon exercise of each Option will be \$0.08 (**Exercise Price**).

(b) Expiry Date

Each Option will expire at 5:00 pm (WST) on 31 December 2019 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry.

(c) Other Terms and Conditions

The Options will otherwise be issued on the terms and conditions as set out in Schedule 3.

Item 6 – Terms and Conditions of Options

(a) Exercise Price

Subject to paragraph (g) of Schedule 3, the amount payable upon exercise of each Option will be \$0.12 (**Exercise Price**).

(b) Expiry Date

Each Option will expire at 5:00 pm (WST) on 31 December 2019 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry.

(c) Other Terms and Conditions

The Options will otherwise be issued on the terms and conditions as set out in Schedule 3.

Item 7 – Terms and Conditions of Options

(a) Exercise Price

Subject to paragraph (g) of Schedule 3, the amount payable upon exercise of each Option will be \$0.06 (**Exercise Price**).

(b) Expiry Date

Each Option will expire at 5:00 pm (WST) on 31 December 2019 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry.

(c) Other Terms and Conditions

The Options will otherwise be issued on the terms and conditions as set out in Schedule 3.

SCHEDULE 3 – STANDARD TERMS AND CONDITIONS OF OPTIONS

(a) Entitlement

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

(b) Exercise Period

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

(c) Notice of Exercise

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

(d) Exercise Date

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

(e) Timing of issue of Shares on exercise

Within 15 Business Days after the later of the following:

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

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

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

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being

ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(f) Shares issued on exercise

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

(g) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(h) Participation in new issues

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

(i) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(j) Transferability

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

(k) Lapse of Options

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



Metalicity Limited

ABN 92 086 839 992

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Metalicity Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138



ALL ENQUIRIES TO

Telephone: +61 1300 554 474

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **11:00am (WST) on Wednesday, 23 November 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

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



ONLINE

www.linkmarketservices.com.au

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

HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

YOUR NAME AND ADDRESS

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

APPOINTMENT OF PROXY

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

DEFAULT TO CHAIRMAN OF THE MEETING

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

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF A SECOND PROXY

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

To appoint a second proxy you must:

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

SIGNING INSTRUCTIONS

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

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

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

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

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

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

PROXY FORM

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

APPOINT A PROXY

☐ the Chairman of the Meeting (mark box)

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

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00am (WST) on Friday, 25 November 2016 at CWA House, 1176 Hay Street, West Perth, Western Australia 6005** (the **Meeting**) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1 and 4: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1 and 4, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

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

VOTING DIRECTIONS

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

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Ratification of Prior Issue – Options to Borg Geosciences	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director – Mr Christopher Bain	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Ratification of Prior Issue – Options to The Brand Agency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 Ratification of Prior Issue – Shares to Mr Brendan Borg	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Issue of Options to Related Party – Mr Matthew Gauci	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5 Ratification of Prior Issue – Shares to Kagara Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6 Ratification of Prior Issue – Options to Mr Barry Yin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7 Ratification of Prior Issue – Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 Ratification of Prior Issue – Options to Waterhouse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



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

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Securityholder 3 (Individual)

Director

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

MCT PRX1601D