
METALLUM LIMITED

ACN 149 230 811

NOTICE OF GENERAL MEETING

TIME: 10.00 am WST

DATE: 16 July 2015

PLACE: Suite 5, 62 Ord 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.

CONTENTS

Business of the Meeting (setting out the proposed Resolutions)	3
Explanatory Statement (explaining the proposed Resolutions)	11
Glossary	32
Schedule 1 – Terms and conditions of Priority Options	34
Schedule 2 – Valuation of Priority Options	36
Schedule 3 – Terms and conditions of Related Party Options	37
Schedule 4 – Valuation of Related Party Options	39
Schedule 5 – Terms and conditions of Performance Rights	40
Schedule 6 – Valuation of Performance Rights	43
Proxy Form	48

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 10.00am WST on 16 July 2015 at:

Suite 5, 62 Ord 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 14 July 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.

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

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

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

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

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

Transfer of non-chair proxy to chair in certain circumstances

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

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - 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 136,141,226 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 Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 136,141,226 Shares at an issue price of \$0.006 per Share on the terms and conditions set out in the Explanatory Statement.”

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 – APPROVAL TO ISSUE UP TO 113,858,774 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 Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 113,858,774 Shares at an issue price of \$0.006 per Share on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 2 by any of the persons who may participate in the issue the subject of Resolution 2 and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 2 is passed and any associates 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”.

3. RESOLUTION 3 – APPROVAL TO ISSUE UP TO 83,333,334 OPTIONS TO MERCHANT CORPORATE PTY LTD

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

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 83,333,334 Options, exercisable at \$0.015 each on or before 30 June 2017, to Merchant Corporate Pty Ltd, or its nominee(s), for nil consideration on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 3 by Merchant Corporate Pty Ltd and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 3 is passed and any associates 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”.

4. RESOLUTION 4 – APPROVAL TO ISSUE PRIORITY OPTIONS TO MNEOB OPTIONHOLDERS

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

“That, for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue up to 140,042,820 Priority Options at an issue price of \$0.002 per Priority Option on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 4 by any of the persons who may participate in the issue the subject of Resolution 4 and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 4 is passed and any associates 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”.

5. RESOLUTION 5 – APPROVAL TO ISSUE PRIORITY OPTIONS TO DIRECTOR: WINTON WILLESEE

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

“That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11, and for all other purposes, approval is given for the Company to issue up to 620,000 Priority Options to Mr Winton Willesee or his nominee(s) at an issue price of \$0.002 per Priority Option on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 5 by Mr Winton Willesee (or his nominee) and any of Mr Willesee’s associates. 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”.

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
- (b) 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 6 – APPROVAL TO ISSUE PRIORITY OPTIONS TO DIRECTOR: ZEFFRON REEVES

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

“That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11, and for all other purposes, approval is given for the Company to issue up to 936,884 Priority Options to Mr Zeffron Reeves or his nominee(s) at an issue price of \$0.002 per Priority Option on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 6 by Mr Zeffron Reeves (or his nominee) and any of Mr Reeves' associates. 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".

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
- (b) 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.

7. RESOLUTION 7 – APPROVAL TO ISSUE PRIORITY OPTIONS TO DIRECTOR: COLIN JOHNSTONE

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

"That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11, and for all other purposes, approval is given for the Company to issue up to 1,167,758 Priority Options to Mr Colin Johnstone or his nominee(s) at an issue price of \$0.002 per Priority Option on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on Resolution 7 by Mr Colin Johnstone (or his nominee) and any of Mr Johnstone's associates. 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".

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
- (b) 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.

8. RESOLUTION 8 – APPROVAL TO ISSUE SHARES TO DIRECTOR: COLIN JOHNSTONE

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

“That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the issue of up to 41,666,667 Shares to Mr Colin Johnstone or his nominee at a deemed issue price of \$0.006 per Share on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 8 by Mr Colin Johnstone (or his nominee) and any of Mr Colin Johnstone’s associates. 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”.

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
- (b) 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.

9. RESOLUTION 9 – APPROVAL TO ISSUE CONVERSION OPTIONS TO DIRECTOR: COLIN JOHNSTONE

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

“That, for the purpose of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 13,888,889 Conversion Options, exercisable at \$0.015 each on or before 30 June 2017, to Mr Colin Johnstone or his nominee, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 9 by Mr Colin Johnstone (or his nominee) and any of Mr Colin Johnstone’s associates. 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”.

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
- (b) 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.

10. RESOLUTION 10 – APPROVAL TO ISSUE OPTIONS TO DIRECTOR – MR ZEFFRON REEVES

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

“That, for the purposes of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 8,700,000 Options to Mr Zeffron Reeves or his nominee, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 10 by Mr Zeffron Reeves (or his nominee) and any of Mr Reeves’ associates. 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”.

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
- (b) 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.

11. RESOLUTION 11 – APPROVAL TO ISSUE PERFORMANCE RIGHTS TO DIRECTOR – MR ZEFFRON REEVES

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

“That, pursuant to and in accordance with section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, approval is given for the Company to grant and issue up to 8,700,000 Production Performance Rights and 8,700,000 Cashflow Performance Rights to Mr Zeffron Reeves or his nominee on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 11 by Mr

Zeffron Reeves (or his nominee) and any of Mr Reeves' associates. 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".

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:

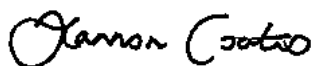
- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

12. 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.

Dated: 5 June 2015

BY ORDER OF THE BOARD



**Shannon Coates
Company Secretary**

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. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF 136,141,226 SHARES

1.1 Background

As announced on 22 May 2015, the Company executed a Mandate with Merchant Corporate Pty Ltd (**Merchant**)(**Mandate**) to act as Lead Manager to the Company's proposed capital raising of up to \$1,500,000 (before costs) via a two tranche placement of up to 250,000,000 Shares at an issue price of \$0.006 per Share (**Placement**) to sophisticated investors.

The Placement is comprised of:

- (a) Tranche 1, comprising the issue of 136,141,226 Shares (**Tranche 1 Placement Shares**); and
- (b) Tranche 2, which is subject to Shareholder approval pursuant to Resolution 2 of this Notice of Meeting, comprising the issue of up to 113,858,774 Shares (**Tranche 2 Placement Shares**).

1.2 General

On 29 May 2015, the Company issued the Tranche 1 Placement Shares, raising \$816,847 (before costs). 78,187,919 Shares were issued under the provisions of Listing Rule 7.1 which allows a listed Company to issue during a 12 month period, without shareholder approval, up to 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. A further 57,953,307 Shares were issued under the provisions of Listing Rule 7.1A, which allows a Company to issue up to 10% of its issued capital during a 12 month period, as approved by Shareholders at the Company's Annual General Meeting held on 14 November 2014.

Listing Rule 7.1 provides that a company may issue equity securities up to 15% of the number of fully paid ordinary securities on issue in any 12 month period without shareholder approval. Prior shareholder approval is required if the issue or agreement to issue (when aggregated with other issues of equity securities made in the previous 12 months without shareholder approval) exceed the 15% limit.

Listing Rule 7.4 permits the ratification of securities issued without shareholder approval under Listing Rule 7.1 and 7.1A. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 and 7.1A (and provided that the previous issue did not breach Listing Rule 7.1 or 7.1A), those securities will be deemed to have been made with shareholder approval for the purpose 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% and 10% limits.

Accordingly, Resolution 1 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% and 10% placement capacity under Listing

Rules 7.1 and 7.1A respectively without the requirement to obtain prior Shareholder approval.

1.3 Technical information required by 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) 136,141,226 Shares were issued;
- (b) the issue price was \$0.006 per Share;
- (c) the Shares issued were 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 Shares were issued to new investors and existing Shareholders all of whom were professional and sophisticated investors and not related parties of the Company;
- (e) the funds raised from the issue of the Shares have and will be applied towards repayment of the Company's outstanding Convertible Securities, an option payment pursuant to the agreement to acquire the El Roble Project concessions (refer ASX announcement 15 August 2013), capital expenditure to support the expansion of mining activities at El Roble and general working capital; and
- (f) 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 – APPROVAL TO ISSUE UP TO 113,858,774 SHARES

2.1 General

As noted in Section 1.1 of this Explanatory Statement, approval for the issue of up to 113,858,774 Tranche 2 Placement Shares is being sought pursuant to this Resolution.

Resolution 2 seeks Shareholder approval to issue the Tranche 2 Placement Shares at an issue price of \$0.006 to raise up to \$683,152 (before costs) pursuant to Listing Rule 7.1.

A summary of Listing Rule 7.1 is set out in Section 1.2 above.

The effect of Resolution 2 will be to allow the Company to issue the Tranche 2 Placement Shares pursuant to Resolution 2 during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

2.2 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 2:

- (a) the maximum number of Shares to be issued is 113,858,774;
- (b) the Tranche 2 Placement Shares will be issued no later than 3 months 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 will occur on the same date;
- (c) the issue price will be \$0.006 per Share;
- (d) the Directors will determine to whom the Tranche 2 Placement Shares will be issued but these persons will not be related parties of the Company;
- (e) the Tranche 2 Placement Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the funds raised from the issue of the Tranche 2 Placement Shares will be used towards repayment of the Company's outstanding Convertible Securities, an option payment pursuant to the agreement to acquire the El Roble Project concessions (refer ASX announcement 15 August 2013), capital expenditure to support the expansion of mining activities at El Roble and general working capital; and
- (g) 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 – APPROVAL TO ISSUE UP TO 83,333,334 OPTIONS TO MERCHANT CORPORATE PTY LTD

3.1 General

As noted in Section 1.1 of this Explanatory Statement, the Company executed a Mandate with Merchant. The Mandate provides for the issue of one (1) Option, exercisable at \$0.015 each on or before 30 June 2017 to Merchant or its nominee/s, for every three (3) Shares issued pursuant to the Placement (**Merchant Options**). The Merchant Options will be issued on the same terms as the Priority Options, on the terms and conditions set out in Schedule 1.

Resolution 3 seeks Shareholder approval to issue up to 83,333,334 Merchant Options to Merchant or its nominee/s pursuant to Listing Rule 7.1 in consideration for services provided by Merchant.

A summary of Listing Rule 7.1 is set out in Section 1.2 above.

The effect of Resolution 3 will be to allow the Company to issue the Merchant Options pursuant to Resolution 3 during the period of 3 months after the Meeting

(or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

3.2 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 3:

- (a) the maximum number of Merchant Options to be issued is 83,333,334;
- (b) the Merchant Options will be issued no later than 3 months 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;
- (c) the Merchant Options will be issued for nil cash consideration as they will be issued in consideration for services provided pursuant to the Mandate;
- (d) the Merchant Options will be issued to Merchant Corporate Pty Ltd (or its nominee/s), who is not a related party of the Company;
- (e) the Merchant Options will be issued on the terms and conditions set out in Schedule 1;
- (f) no funds will be raised from the issue as the Merchant Options are being issued in consideration for the provision of services pursuant to the Mandate; and
- (g) 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 PRIORITY OPTIONS TO MNEOB OPTIONHOLDERS

4.1 General

As announced on 22 May 2015, the Company proposes to offer MNEOB Optionholders the right to purchase one (1) additional Option, exercisable at \$0.015 on or before 30 June 2017 on the terms and conditions set out in Schedule 1 (**Priority Options**), for every one (1) MNEOB Option held at the Expiry Date, for \$0.002 per Priority Option (**Priority Options Offer**).

As at the date of this Notice, the Company has 140,042,820 MNEOB Options on issue and will therefore seek Shareholder approval for the issue of up to 140,042,820 Priority Options to MNEOB Optionholders pursuant to the Priority Options Offer. Resolution 4 seeks Shareholder approval to issue up to 140,042,820 Priority Options to raise up to \$280,085 (before costs) pursuant to Listing Rule 7.1.

A summary of Listing Rule 7.1 is set out in Section 1.2 above.

The effect of Resolution 4 will be to allow the Company to issue the Priority Options pursuant to Resolution 4 during the period of 3 months after the Meeting

(or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

4.2 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (a) the maximum number of Priority Options to be issued is 140,042,820;
- (b) the Priority Options will be issued no later than 3 months 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;
- (c) the issue price will be \$0.002 per Priority Option;
- (d) the Priority Options will be issued to holders of the MNEOB Options as at the Expiry Date;
- (e) the Priority Options will be issued on the terms and conditions set out in Schedule 1;
- (f) funds raised from the issue of the abovementioned Priority Options will be applied towards repayment of the Company's outstanding Convertible Securities, an option payment pursuant to the agreement to acquire the El Roble Project concessions (refer ASX announcement 15 August 2013), capital expenditure to support the expansion of mining activities at El Roble and general working capital ; and
- (g) 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. RESOLUTIONS 5, 6 AND 7: APPROVAL TO ISSUE PRIORITY OPTIONS TO DIRECTORS

5.1 General

As announced on 22 May 2015 and noted in Section 4.1 above, the Company proposes to offer MNEOB Optionholders the right to purchase one (1) Priority Option for every one (1) MNEOB Option held at the Expiry Date, for an issue price of \$0.002 per Priority Option.

Directors Winton Willesee, Zeffron Reeves and Colin ("Cobb") Johnstone (**Relevant Directors**) each hold MNEOB Options and have indicated their intention to participate in the Priority Options Offer, subject to Shareholder approval of Resolution 4 (**Participation**).

Pursuant to Listing Rule 10.11, Resolutions 5, 6 and 7 seek Shareholder approval to issue up to 2,724,642 Priority Options to Messrs Willesee, Reeves and Johnstone (or their nominees) arising from the participation by the Relevant Directors in the Priority Options Offer.

5.2 Related Party Transactions Generally

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company *unless* either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision set out in sections 210 to 216 of the Corporations Act; or
- (b) shareholder approval is obtained prior to the giving of the financial benefit in the manner set out in sections 217 to 227 of the Corporations Act and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E of the Corporations Act, the Participation will result in the issue of Priority Options which constitutes giving a financial benefit and each of the Relevant Directors is considered a related party of the Company by virtue of being a Director.

In addition, 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 Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Priority Options to the Relevant Directors.

5.3 Current Holdings

Set out below are details of the Relevant Directors relevant interest in Shares as at the date of this Notice:

Director	Number of Shares
Winton Willesee	1,540,000
Zeffron Reeves	2,340,975
Colin Johnstone	4,966,774

Set out below are details of the Relevant Directors relevant interests in Options as at the date of this Notice:

Director	Number of Options
Winton Willesee ¹	5,120,000
Zeffron Reeves ²	13,686,884
Colin Johnstone ³	5,667,758

Notes:

1. 620,000 MNEOB Options exercisable at \$0.05 each on or before 30 June 2015, 2,000,000 unlisted Options exercisable at \$0.034 on or before 17 October 2016 and 2,500,000 unlisted Options exercisable at \$0.037 on or before 19 October 2017.

2. 3,750,000 unlisted Options exercisable at \$0.20 each on or before 1 July 2015, 936,884 MNEOB Options exercisable at \$0.05 each on or before 30 June 2015, 4,000,000 unlisted Options exercisable at \$0.034 on or before 17 October 2016 and 5,000,000 unlisted Options exercisable at \$0.037 on or before 19 October 2017.
3. 1,167,758 MNEOB Options exercisable at \$0.05 each on or before 30 June 2015, 2,000,000 unlisted Options exercisable at \$0.034 each on or before 17 October 2016 and 2,500,000 unlisted Options exercisable at \$0.037 each on or before 19 October 2017.

5.4 Information Requirements

For the purposes of Chapter 2E of the Corporations Act the following information is provided.

The related parties to whom the proposed resolutions would permit the financial benefit to be given:

The related parties are Messrs Willesee, Reeves and Johnstone and they are related parties by virtue of being Directors.

Pursuant to Resolutions 5, 6 and 7 and subject to shareholder approval, the following maximum number of Priority Options will be issued to the following Relevant Directors, or their respective nominees:

Director	Number of Priority Options
Winton Willesee and/or his nominee(s)	620,000
Zeffron Reeves and/or his nominee(s)	936,884
Colin Johnstone and/or his nominee(s)	1,167,758
TOTAL	2,724,642

The nature of the financial benefit

The proposed financial benefit to be given is the issue of Priority Options to the Relevant Directors as noted above. The Priority Options are being issued at an issue price of \$0.002 per Priority Option.

Other information that is reasonably required by shareholders to make a decision and that is known to the Company or any of its Directors

The proposed ordinary Resolutions 5, 6 and 7 would have the effect of giving power to the Directors to issue a total of 2,724,642 Priority Options to the Relevant Directors for total consideration of \$5,449.28 and as otherwise mentioned above. The Priority Options the subject of Resolutions 5, 6 and 7 are proposed to be issued to the Relevant Directors as MNEOB Optionholders pursuant to the Priority Option Offer.

The Company currently has 715,674,298 quoted Shares and 140,042,820 quoted MNEOB Options on issue and the following unquoted Options on issue:

Number	Class
	Convertible Securities with outstanding face value of US\$160,850
13,800,000	Options exercisable at \$0.0186 each on or before 17 November 2017

3,750,000	Options exercisable at \$0.20 each on or before 1 July 2015
300,000	Options exercisable at \$0.25 each on or before 13 November 2015
12,000,000	Options exercisable at \$0.05 each on or before 30 June 2016
8,000,000	Options exercisable at \$0.034 each on or before 17 October 2016
10,000,000	Options exercisable at \$0.037 each on or before 19 October 2017
1,000,000	Options exercisable at \$0.05 each on or before 30 November 2016, vesting on the date the 30 day VWAP of the Company shares is \$0.12 or higher
2,000,000	Options exercisable at \$0.05 each on or before 30 June 2016
3,000,000	Options exercisable at \$0.019 each on or before 9 March 2019
15,000,000	Options exercisable at \$0.015 each on or before 15 July 2017

The issue of the Priority Options will not dilute existing Shareholders. However in the event the Priority Options issued to Directors are exercised, but no other Options are exercised, the effect would be to dilute existing Shareholders by an aggregate of 0.38%, comprising 0.09% by Mr Winton Willesee, 0.13% by Mr Zeffron Reeves and 0.16% by Mr Colin Johnstone.

The market price for Shares during the term of the Priority Options would normally determine whether or not the Priority Options are exercised. If, at any time any of the Priority Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Priority Options, there may be a perceived cost to the Company.

The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.028	26 May 2014
Lowest	\$0.006	18 May 2015
Last	\$0.007	28 May 2015

The remuneration and emoluments from the Company to the Relevant Directors for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year (2014)
Winton Willesee	\$66,000	\$134,280
Zeffron Reeves	\$328,500	\$523,101
Colin Johnstone	\$44,000	\$114,280

Other Information

Other as disclosed in this Explanatory Statement, the Directors do not consider that from an economic or commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in issuing the Priority Options pursuant to Resolutions 5, 6 and 7.

Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by the proposed Resolutions 5, 6 and 7.

5.5 Listing Rule 10.11

For the purposes of the approval sought under Listing Rule 10.11 and in accordance with the requirements of Listing Rule 10.13 and for all other purposes, the following information is provided to Shareholders in respect of the Priority Options to Relevant Directors:

- (a) the Priority Options will be granted to Messrs Willesee, Reeves and Johnstone or their nominee(s);
- (b) the maximum number of Priority Options to be issued is 2,724,642;
- (c) the Priority Options will be granted no later than 1 month after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Priority Options will be issued on one date;
- (d) Each of Messrs Willesee, Reeves and Johnstone is a Director and related party of the Company;
- (e) the Priority Options will be issued at \$0.002 per Priority Option pursuant to the terms of the Priority Options Offer;
- (f) the Company intends to use the funds raised from the issue of the abovementioned Priority Options towards repayment of the Company's outstanding Convertible Securities, an option payment pursuant to the agreement to acquire the El Roble Project concessions (refer ASX announcement 15 August 2013), capital expenditure to support the expansion of mining activities at El Roble and general working capital;
- (g) the terms and conditions of the Priority Options are set out in Schedule 1;
- (h) the value of the Priority Options and the pricing methodology is set out in Schedule 2;
- (i) a voting exclusion statement has been included for the purposes of Resolutions 5, 6 and 7.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Priority Options to the Relevant Directors as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of Priority Options to the Relevant Directors will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

Board recommendations

The Directors (other than Mr Willesee) unanimously recommend Shareholders vote in favour of Resolution 5.

The Directors (other than Mr Reeves) unanimously recommend Shareholders vote in favour of Resolution 6.

The Directors (other than Mr Johnstone) unanimously recommend Shareholders vote in favour of Resolution 7.

6. RESOLUTION 8 – APPROVAL TO ISSUE SHARES TO DIRECTOR: COLIN JOHNSTONE

6.1 General

As announced on 10 December 2014, the Company entered into a loan agreement with Non-executive Director, Mr Colin (Cobb) Johnstone pursuant to which Mr Johnstone loaned \$250,000 to the Company on arms-length commercial terms (**Director Loan**). On 29 May 2015, an agreement was signed pursuant to which Mr Johnstone agreed to convert the Director Loan into Shares at a deemed issue price of \$0.006 per Share (41,666,667 Shares) plus one (1) option, exercisable at \$0.015 each on or before 30 June 2017 for every three (3) Shares converted (13,888,889 Options) (**Conversion Options**). The Conversion Options will be issued on the same terms as the Priority Options, on the terms and conditions set out in Schedule 1, and are the subject of Resolution 9 below.

Pursuant to Listing Rule 10.11 and section 208 of the Corporations Act Resolution 8 seeks Shareholder approval to and issue 41,666,667 Shares to Colin Johnstone (**Director Shares**) in conversion of the Director Loan.

A summary of Chapter 2E of the Corporations Act and Listing Rule 10.11 is set out in section 5.2 above.

For the purposes of Chapter 2E of the Corporations Act, the issue of the Director Shares constitutes giving a financial benefit and Mr Johnstone is considered a related party of the Company by virtue of being a Director.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Director Shares to Mr Colin Johnstone.

6.2 Current Holdings

Details of Mr Johnstone's relevant interest in Shares and Options as at the date of this Notice are set out in Section 5.3 above.

6.3 Information Requirements

For the purposes of Chapter 2E of the Corporations Act the following information is provided.

The related parties to whom the proposed resolutions would permit the financial benefit to be given:

Pursuant to Resolution 8 and subject to shareholder approval, the following maximum number of Director Shares to be issued to Mr Johnstone or his respective nominees:

Director	Number of Shares
Colin Johnstone and/or his nominee(s)	41,666,667

The nature of the financial benefit

The proposed financial benefit to be given to Mr Johnstone is the issue of Director Shares as noted above. The Director Shares are being issued at a deemed issue price of \$0.006 per Share.

Other information that is reasonably required by shareholders to make a decision and that is known to the Company or any of its Directors

The proposed ordinary Resolution 8 would have the effect of giving power to the Directors to issue a total of 41,666,667 Shares to Mr Johnstone as otherwise mentioned above. The Shares which are the subject of Resolution 8 are proposed to be issued to Mr Johnstone to convert his Director Loan to equity, as set out above.

The capital structure of the Company is set out in section 5.4 above.

If all the Shares are issued as proposed pursuant to Resolution 2 of this Notice, and assuming no existing Options on issue are exercised, the effect of the issue of the Director Shares would be to dilute the shareholding of existing shareholders by 5.02%.

The trading history of the Shares on ASX in the last 12 months before the date of this Notice is set out in section 5.4 above.

The remuneration and emoluments from the Company to Mr Colin Johnstone for the previous financial year and the proposed remuneration and emoluments for the current financial year is set out in section 5.4 above.

Other Information

Other as disclosed in this Explanatory Statement, the Directors do not consider that from an economic or commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in issuing the Shares pursuant to Resolution 8.

Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by the proposed Resolution 8.

6.4 Listing Rule 10.11

For the purposes of the approval sought under Listing Rule 10.11 and in accordance with the requirements of Listing Rule 10.13 and for all other purposes, the following information is provided to Shareholders in respect of the Director Shares:

- (a) the Director Shares will be issued to Mr Johnstone or his nominee(s);
- (b) the maximum number of Shares to be issued is 41,666,667;
- (c) the Director Shares will be granted no later than 1 month after the date of this Meeting (or a later date to the extent permitted by any ASX

waiver or modification of the Listing Rules) and it is anticipated the Director Shares will be issued on one date;

- (d) Mr Johnstone is a Director and related party of the Company;
- (e) the Shares will be issued at a deemed issue price of \$0.006 per Share;
- (f) the value of the Director Shares, based on the most recent trading price of Shares on ASX on 28 May 2015 of \$0.007 is \$291,667;
- (g) the Director Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (h) no funds will be raised from the issue of the Director Shares as the Director Shares are being issued to convert the Director Loan to equity; and
- (i) a voting exclusion statement has been included for the purposes of Resolution 8.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Director Shares to Mr Colin Johnstone as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of the Director Shares to Mr Colin Johnstone will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

Board recommendation

With the exception of Mr Colin Johnstone, no other Director has a personal interest in the outcome of Resolution 8.

The Directors (other than Mr Johnstone) unanimously recommend Shareholders vote in favour of Resolution 8.

7. RESOLUTION 9 – APPROVAL TO ISSUE OPTIONS TO DIRECTOR: COLIN JOHNSTONE

7.1 General

As noted in Section 6.1 above, the Company proposes to convert the Director Loan into Shares at a deemed issue price of \$0.006 per Share (for a total of 41,666,667 Shares) (the subject of Resolution 8 above) plus one (1) Conversion Option for every three (3) Shares converted (for a total of 13,888,889 Conversion Options). The Conversion Options will be issued on the same terms as the Priority Options.

Pursuant to Listing Rule 10.11 and section 208 of the Corporations Act and subject to Resolution 8 being approved, Resolution 9 seeks Shareholder approval to issue 13,888,889 Conversion Options to Colin Johnstone.

A summary of Chapter 2E of the Corporations Act and Listing Rule 10.11 is set out in section 5.2 above.

For the purposes of Chapter 2E of the Corporations Act, the issue of the Conversion Options constitutes giving a financial benefit and Mr Johnstone is considered a related party of the Company by virtue of being a Director.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Conversion Options to Mr Colin Johnstone.

7.2 Current Holdings

Details of Mr Johnstone's relevant interest in Shares and Options as at the date of this Notice are set out in Section 5.3 above.

7.3 Information Requirements

For the purposes of Chapter 2E of the Corporations Act the following information is provided.

The related parties to whom the proposed resolutions would permit the financial benefit to be given:

Pursuant to Resolution 9 and subject to shareholder approval, the following maximum number of Conversion Options to be issued to Mr Johnstone or his respective nominees:

Director	Number of Options
Colin Johnstone and/or his nominee(s)	13,888,889

The nature of the financial benefit

The proposed financial benefit to be given to Mr Johnstone is the issue of Conversion Options as noted above. The Conversion Options are being issued for nil consideration.

Other information that is reasonably required by shareholders to make a decision and that is known to the Company or any of its Directors

The proposed ordinary Resolution 9 would have the effect of giving power to the Directors to issue a total of 13,888,889 Conversion Options to Mr Johnstone as otherwise mentioned above.

The Company's current capital structure is as noted above in section 5.4.

If all the Shares are issued as proposed pursuant to Resolution 2 of this Notice, and assuming no existing Options on issue are exercised, the effect of the issue of the Conversion Options if exercised would be to dilute the shareholding of existing shareholders by 1.67%.

The trading history of the Shares on ASX in the last 12 months before the date of this Notice is set out in section 5.4 above.

The remuneration and emoluments from the Company to Mr Colin Johnstone for the previous financial year and the proposed remuneration and emoluments for the current financial year is set out in section 5.4 above.

Other Information

Other as disclosed in this Explanatory Statement, the Directors do not consider that from an economic or commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the

Company or benefits foregone by the Company in issuing the Options pursuant to Resolution 9.

Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by the proposed Resolution 9.

7.4 Listing Rule 10.11

For the purposes of the approval sought under Listing Rule 10.11 and in accordance with the requirements of Listing Rule 10.13 and for all other purposes, the following information is provided to Shareholders in respect of the Conversion Options:

- (a) the Conversion Options will be issued to Mr Johnstone or his nominee(s);
- (b) the maximum number of Conversion Options to be issued is 13,888,889;
- (c) the Conversion Options will be granted no later than 1 month after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Conversion Options will be issued on one date;
- (d) Mr Johnstone is a Director and related party of the Company;
- (e) the terms and conditions of the Conversion Options are set out in Schedule 1;
- (f) the value of the Conversion Options and the pricing methodology is set out in Schedule 2;
- (g) the Conversion Options will be issued for nil consideration as part of the conversion of the Director Loan;
- (h) no funds will be raised from the issue of the Conversion Options as the Conversion Options are being issued for nil consideration; and
- (i) a voting exclusion statement has been included for the purposes of Resolution 9.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Conversion Options to Mr Colin Johnstone as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of the Conversion Options to Mr Colin Johnstone will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

Board recommendation

With the exception of Mr Colin Johnstone, no other Director has a personal interest in the outcome of Resolution 9.

The Directors (other than Mr Johnstone) unanimously recommend Shareholders vote in favour of Resolution 9.

8. RESOLUTION 10 – APPROVAL FOR ISSUE OF OPTIONS TO DIRECTOR - MR ZEFFRON REEVES

8.1 Background

Following from the pleasing outcomes of the annual review of the performance of the Managing Director Mr Zeffron Reeves, the Board proposes to put in place a structured equity incentives package of Performance Rights and Options for Mr Reeves. The equity incentive package is aligned to the Company's objectives and is designed to incentivise Mr Reeves to continue to drive the 'whole of Company' operations in line with the Company's plans and objectives, and on success to provide Mr Reeves with a further incentive to drive success and an opportunity to participate in the future growth and prosperity of the Company through his share ownership.

Pursuant to ASX Listing Rule 10.11 and section 208 of the Corporations Act, the Company seeks Shareholder approval to issue 8,700,000 Options to Mr Reeves or his nominee on the terms and conditions set out in Schedule 3 (**Related Party Options**).

Under the Company's current circumstances, the Directors consider that the incentive to the Related Party noted above, represented by the issue of the Related Party Options, are a cost effective and efficient way to incentivise, as opposed to alternative forms of incentives, such as the payment of cash compensation.

The number of Related Party Options to be issued to Mr Reeves has been determined based on a number of factors including:

- (a) executive remuneration benefits by companies in the Company's industry; and
- (b) alignment of interests. The Directors consider that it is in the interests of Shareholders to align the interests of Directors and Shareholders by encouraging Directors, subject to appropriate milestones, to have an equity holding in the Company. However, the Directors consider that similarly to other Shareholders, this interest should arise through direct investment by the Directors in the Company.

A summary of Chapter 2E of the Corporations Act and Listing Rule 10.11 is included in section 5.2 above.

For the purposes of Chapter 2E of the Corporations Act, the issue of the Related Party Options to Mr Reeves constitutes giving a financial benefit and Mr Reeves is considered a related party of the Company by virtue of being a Director.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of the Related Party Options to Mr Reeves.

8.2 Current Holdings

Details of Mr Reeves' relevant interest in Shares and Options as at the date of this Notice is set out in Section 5.3 above.

8.3 Information Requirements

For the purposes of Chapter 2E of the Corporations Act the following information is provided.

The related parties to whom the proposed resolutions would permit the financial benefit to be given:

Pursuant to Resolution 10 and subject to shareholder approval, the following maximum number of Related Party Options to be issued to Mr Reeves or his respective nominees:

Director	Number of Options
Zeffron Reeves and/or his nominee(s)	8,700,000

The nature of the financial benefit

The proposed financial benefit to be given to Mr Reeves is the issue of Related Party Options as noted above. The Related Party Options are being issued for nil consideration.

Other information that is reasonably required by shareholders to make a decision and that is known to the Company or any of its Directors

The proposed ordinary Resolution 10 would have the effect of giving power to the Directors to issue a total of 8,700,000 Related Party Options to Mr Reeves as otherwise mentioned above.

The Company's current capital structure is as noted above in section 5.4.

If all the Shares are issued as proposed pursuant to Resolution 2 of this Notice, and assuming no existing Options on issue are exercised, the effect of the issue of the Related Party Options if exercised would be to dilute the shareholding of existing shareholders by 1.04%.

The market price for Shares during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If, at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company.

The trading history of the Shares on ASX in the last 12 months before the date of this Notice is set out in section 5.4 above.

The remuneration and emoluments from the Company to Mr Zeffron Reeves for the previous financial year and the proposed remuneration and emoluments for the current financial year is set out in section 5.4 above.

The primary purpose of the grant of the Related Party Options to Mr Reeves is to provide a performance linked incentive component in the remuneration package for Mr Reeves to motivate and reward his performance in his role as Managing Director.

Mr Reeves declines to make a recommendation to Shareholders in relation to Resolution 10 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 10 be passed, however in respect of Resolution 10,

Mr Johnstone and Mr Willesee recommend that Shareholders vote in favour of the Resolution for the following reasons:

- (a) the grant of Related Party Options to Mr Reeves will incentivise Mr Reeves to continue to drive the 'whole of Company' operations in line with the Company's plans and objectives, and on success to provide Mr Reeves with an opportunity to participate in the future growth and prosperity of the Company through his share ownership;
- (b) the grant of the Related Party Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Reeves; and
- (c) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Options upon the terms proposed.

In forming their recommendations, each Director considered the experience of Mr Reeves, the current market price of Shares, the current market practices when determining the number of Related Party Options to be granted as well as the exercise price and expiry date of those Related Party Options.

Other Information

Other as disclosed in this Explanatory Statement, the Directors do not consider that from an economic or commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in issuing the Options pursuant to Resolution 10.

Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by the proposed Resolution 10.

8.4 Listing Rule 10.11

For the purposes of the approval sought under Listing Rule 10.11 and in accordance with the requirements of Listing Rule 10.13 and for all other purposes, the following information is provided to Shareholders in respect of the Related Party Options:

- (a) the Related Party Options will be issued to Mr Reeves or his nominee(s);
- (b) the maximum number of Related Party Options to be issued is 8,700,000;
- (c) the Related Party Options will be granted no later than 1 month after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Related Party Options will be issued on one date;
- (d) Mr Reeves is a Director and related party of the Company;
- (e) the terms and conditions of the Related Party Options are set out in Schedule 3;

- (f) the value of the Related Party Options and the pricing methodology is set out in Schedule 4;
- (g) the Related Party Options will be issued for nil consideration as an incentive for Mr Reeves;
- (h) no funds will be raised from the issue of the Related Party Options as the Related Party Options are being issued for nil consideration; and
- (i) a voting exclusion statement has been included for the purposes of Resolution 10.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Related Party Options to Mr Zeffron Reeves as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of the Related Party Options to Mr Zeffron Reeves will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

Board recommendation

With the exception of Mr Zeffron Reeves, no other Director has a personal interest in the outcome of Resolution 10.

The Directors (other than Mr Reeves) unanimously recommend Shareholders vote in favour of Resolution 10 for the reasons set out above in section 8.3.

9. RESOLUTION 11 – APPROVAL FOR ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR - MR ZEFFRON REEVES

9.1 Background

As noted in section 8.1, the Company proposes to issue performance rights to Mr Reeves (**Related Party**).

Pursuant to ASX Listing Rule 10.11 and section 208 of the Corporations Act, the Company seeks Shareholder approval to issue up to 8,700,000 Production Performance Rights and 8,700,000 Cashflow Performance Rights to Mr Reeves or his nominee on the terms detailed in section 9.2 (**Performance Rights**).

A summary of Chapter 2E of the Corporations Act and Listing Rule 10.11 is set out in section 5.2 above.

For the purposes of Chapter 2E of the Corporations Act, the issue of the Performance Rights to Mr Reeves constitutes giving a financial benefit and Mr Reeves is considered a related party of the Company by virtue of being a Director.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of the Performance Rights to Mr Reeves.

9.2 Terms of the Performance Rights

The Performance Rights will be issued on the terms and conditions set out in Schedule 5.

9.3 Current Holdings

Details of Mr Reeves' relevant interest in Shares and Options as at the date of this Notice is set out in Section 5.3 above.

9.4 Information Requirements

For the purposes of Chapter 2E of the Corporations Act the following information is provided.

The related parties to whom the proposed resolutions would permit the financial benefit to be given:

Pursuant to Resolution 11 and subject to shareholder approval, the following maximum number of Performance Rights to be issued to Mr Reeves or his respective nominees:

Director	Number of Production Performance Rights	Number of Cashflow Performance Rights
Zeffron Reeves and/or his nominee(s)	8,700,000	8,700,000

The nature of the financial benefit

The proposed financial benefit to be given to Mr Reeves is the issue of Performance Rights as noted above. The Performance Rights are being issued for nil consideration.

Other information that is reasonably required by shareholders to make a decision and that is known to the Company or any of its Directors

The proposed ordinary Resolution 11 would have the effect of giving power to the Directors to issue a maximum of 17,400,000 Performance Rights to Mr Reeves as otherwise mentioned above.

The Company's current capital structure is as noted above in section 5.4.

If all the Shares are issued as proposed pursuant to Resolution 2 of this Notice, and assuming no existing Options on issue are exercised, the effect of the issue of the Performance Rights once converted into Shares would be to dilute the shareholding of existing shareholders by 2.05%.

The trading history of the Shares on ASX in the last 12 months before the date of this Notice is set out in section 5.4 above.

The remuneration and emoluments from the Company to Mr Zeffron Reeves for the previous financial year and the proposed remuneration and emoluments for the current financial year is set out in section 5.4 above.

The primary purpose of the issue of the Performance Rights to Mr Reeves is to incentivise Mr Reeves to continue to drive the 'whole of Company' operations in line with the Company's plans and objectives, and on success to provide Mr reeves with an opportunity to participate in the future growth and prosperity of the Company through his share ownership.

Mr Reeves declines to make a recommendation to Shareholders in relation to Resolution 11 due to his material personal interest in the outcome of the

Resolution on the basis that he is to be issued the Performance Rights in the Company should Resolution 11 be passed, however in respect of Resolution 11, Mr Johnstone and Mr Willesee recommend that Shareholders vote in favour of the Resolution for the following reasons:

- (a) the issue of the Performance Rights to Mr Reeves, in particular, the vesting conditions of the Performance Rights, will incentivise Mr Reeves to continue to drive the 'whole of Company' operations in line with the Company's plans and objectives, and on success to provide Mr Reeves with an opportunity to participate in the future growth and prosperity of the Company through his share ownership;
- (b) the issue of the Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Reeves; and
- (c) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights upon the terms proposed.

In forming their recommendations, each Director considered the experience of Mr Reeves, the current market price of Shares, the current market practices when determining the number of Performance Rights to be granted as well as the terms of those Performance Rights.

Other Information

Other as disclosed in this Explanatory Statement, the Directors do not consider that from an economic or commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in issuing the Performance Rights pursuant to Resolution 11.

Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by the proposed Resolution 11.

9.5 Listing Rule 10.11

For the purposes of the approval sought under Listing Rule 10.11 and in accordance with the requirements of Listing Rule 10.13 and for all other purposes, the following information is provided to Shareholders in respect of the Performance Rights:

- (a) the Performance Rights will be issued to Mr Reeves or his nominee(s);
- (b) the maximum number of Performance Rights to be issued is 17,400,000;
- (c) the Performance Rights will be granted no later than 1 month after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Performance Rights will be issued on one date;
- (d) Mr Reeves is a Director and related party of the Company;

- (e) the terms and conditions of the Performance Rights are set out in Schedule 5;
- (f) the value of the Performance Rights and the pricing methodology is set out in Schedule 6;
- (g) the Performance Rights will be issued for nil consideration as an incentive for Mr Reeves;
- (h) no funds will be raised from the issue of the Performance Rights as the Performance Rights are being issued for nil consideration; and
- (i) a voting exclusion statement has been included for the purposes of Resolution 11.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Performance Rights to Mr Zeffron Reeves as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of the Performance Rights to Mr Zeffron Reeves will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

Board recommendation

With the exception of Mr Zeffron Reeves, no other Director has a personal interest in the outcome of Resolution 11.

The Directors (other than Mr Reeves) unanimously recommend Shareholders vote in favour of Resolution 11.

10. 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.

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.

Cashflow Performance Rights means the Cashflow Performance Rights on the terms set out in Schedule 5.

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 Metallum Limited (ACN 149 230 811).

Constitution means the Company's constitution.

Conversion Options means the Options the subject of Resolution 9, which are exercisable at \$0.015 each on or before 30 June 2017 and otherwise on the terms set out in Schedule 1.

Convertible Securities means the convertible securities currently on issue with an outstanding face value of US\$160,850.

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

Directors means the current directors of the Company.

Director Loan has the meaning as per Section 8.1.

Expiry Date means 30 June 2015.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

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

Listing Rules means the Listing Rules of ASX.

Mandate refers to the mandate dated 1 May 2015 between Merchant and the Company.

Merchant means Merchant Corporate Pty Ltd (ACN 107 974 247).

MNEOB Options means listed options exercisable at \$0.05 each on or before 30 June 2015.

MNEOB Optionholders means the holders of MNEOB Options as at 30 June 2015.

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 an option to acquire a Share.

Placement means the proposed placement to issue of 250,000,000 Shares at an issue price of \$0.006 per Share.

Priority Options means Options exercisable at \$0.015 each on or before 30 June 2017 and otherwise on the terms set out in Schedule 1.

Production Performance Rights means Production Performance Rights on the terms set out in Schedule 5.

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.

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

Shareholder means a holder of a Share.

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

Tranche 1 Placement Shares means 136,141,224 Shares pursuant to the Placement.

Tranche 2 Placement Shares means 113,858,774 Shares pursuant to the Placement.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF PRIORITY OPTIONS

1. Exercise Price

The exercise price of each Option is \$0.015.

2. Entitlement

Each Option shall entitle the holder the right to subscribe (in cash) for one Share in the capital of the Company.

3. Option Period

The Options will expire at 5.00pm WST on 30 June 2017. Subject to this clause and clause 7, Options may be exercised at any time prior to the expiry date and Options not so exercised shall automatically expire on the expiry date.

If at any time after the date of issue the Company's Shares trade on the ASX at \$0.04 or higher for 20 consecutive days, then on that 20th day (**Acceleration Trigger Date**), the expiry date will be accelerated to the 30th trading day after the date the Acceleration Trigger is announced to ASX (**Accelerated Expiry Date**).

4. Ranking of Share Issued on Exercise of Option

Each Share issued as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects pari passu with the existing Shares in the capital of the Company on issue at the date of issue.

5. Voting

A registered owner of an Option (**Option Holder**) will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a member of the Company.

6. Transfer of an Option

Options are transferable at any time prior to the expiry date. This right is subject to any restrictions on the transfer of Options that may be imposed by the ASX in circumstances where the Company is listed on the ASX and the Corporations Act.

7. Method of Exercise of an Option

- (a) The Company will provide to each Option Holder a notice that is to be completed when exercising the Options (**Notice of Exercise of Options**). Options may be exercised by the Option Holder by completing the Notice of Exercise of Options and forwarding the same to the Company Secretary to be received prior to the expiry date. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be issued; which number of Options must be a multiple of 2,500 if only part of the Option Holder's total Options are exercised, or if the total number of Options held by an Option Holder is less than 2,500, then the total of all Options held by that Option Holder must be exercised.

- (b) The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of shares being subscribed, being an amount of \$0.015 per Share.
- (c) Subject to paragraph 1.7(a) above, the exercise of less than all of an Option Holder's Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining Options.
- (d) Within 14 days from the date the Option Holder properly exercises options held by the Option Holder, the Company shall issue to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.
- (e) If the Company is listed on the ASX, the Company will apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules of the ASX.

8. ASX Listing

The Company will apply for Quotation of the Options on the ASX.

9. Reconstruction

In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

10. Participation in New Share Issues

There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the expiry date unless and until the Options are exercised. The Company will ensure that during the exercise period, the record date for the purposes of determining entitlements to any new such issue will be such date required to satisfy the Listing Rules in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.

11. No Change of Options' Exercise Price or Number of Underlying Shares

Subject to clause 9, there are no rights to change the exercise price of the Options or the number of underlying Shares.

SCHEDULE 2 – VALUATION OF PRIORITY OPTIONS

The Priority Options to be issued to related parties pursuant to Resolutions 5, 6, 7 and 9 have been independently valued.

Using the Black & Scholes option model and based on the assumptions set out below, the Priority Options were ascribed the following value:

Assumptions:	
Valuation date	4 June 2015
Market price of Shares	0.7 cents
Exercise price	1.5 cents
Expiry date (length of time from issue)	30 June 2017
Risk free interest rate	2.03%
Volatility (discount)	100%
Indicative value per Priority Option	0.25 cents
Total Value of Priority Options	\$6,811.60
- Mr Winton Willesee	\$1,550.00
- Mr Zeffron Reeves	\$2,342.21
- Mr Colin Johnstone	\$2,919.39

Note: The valuation noted above is not necessarily the market price that the Priority Options could be traded at and is not automatically the market price for taxation purposes.

SCHEDULE 3 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

1. Exercise Price

The exercise price of each Option is 135% of the 30 day volume weighted average price (**VWAP**) as at the date of approval by Shareholders.

2. Entitlement

Each Option shall entitle the holder the right to subscribe (in cash) for one Share in the capital of the Company.

3. Option Period

The Options will expire at 5.00pm WST on 16 July 2018. Options may be exercised at any time prior to the expiry date and Options not so exercised shall automatically expire on the expiry date.

4. Ranking of Share Issued on Exercise of Option

Each Share issued as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects *pari passu* with the existing Shares in the capital of the Company on issue at the date of issue.

5. Voting

A registered owner of an Option (**Option Holder**) will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a member of the Company.

6. Transfer of an Option

Options are transferable at any time prior to the expiry date. This right is subject to any restrictions on the transfer of Options that may be imposed by the ASX in circumstances where the Company is listed on the ASX and the Corporations Act.

7. Method of Exercise of an Option

- (a) The Company will provide to each Option Holder a notice that is to be completed when exercising the Options (**Notice of Exercise of Options**). Options may be exercised by the Option Holder by completing the Notice of Exercise of Options and forwarding the same to the Company Secretary to be received prior to the expiry date. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be issued; which number of Options must be a multiple of 2,500 if only part of the Option Holder's total Options are exercised, or if the total number of Options held by an Option Holder is less than 2,500, then the total of all Options held by that Option Holder must be exercised.
- (b) The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of shares being subscribed.
- (c) The exercise of less than all of an Option Holder's Options will not prevent the Option Holder from exercising the whole or any part of the

balance of the Option Holder's entitlement under the Option Holder's remaining Options.

- (d) Within 14 days from the date the Option Holder properly exercises options held by the Option Holder, the Company shall issue to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.
- (e) If the Company is listed on the ASX, the Company will apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules of the ASX.

8. ASX Listing

The Company will not apply for Quotation of the Options on the ASX.

9. Reconstruction

In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

10. Participation in New Share Issues

There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the expiry date unless and until the Options are exercised. The Company will ensure that during the exercise period, the record date for the purposes of determining entitlements to any new such issue will be such date required to satisfy the Listing Rules in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.

11. No Change of Options' Exercise Price or Number of Underlying Shares

Subject to clause 9, there are no rights to change the exercise price of the Options or the number of underlying Shares.

SCHEDULE 4 – VALUATION OF RELATED PARTY OPTIONS

The Related Party Options to be issued to Mr Reeves pursuant to Resolution 10 have been independently valued.

Using the Black & Scholes option model and based on the assumptions set out below, the Related Party Options were ascribed the following value:

Assumptions:	
Valuation date	4 June 2015
Market price of Shares	\$0.007
Exercise price	135% of the 30 day VWAP as at the date of approval by Shareholders.
Expiry date (length of time from issue)	16 July 2018
Risk free interest rate	2.03%
Volatility (discount)	100%
Indicative value per Related Party Option	0.39 cents
Total Value of Related Party Options	\$33,930

SCHEDULE 5 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

1. Terms of the Performance Rights

The Company has agreed to grant 8,700,000 Production Performance Rights and 8,700,000 Cashflow Performance Rights. The terms of the Performance Rights are set out as follows:

- (a) **(Production Milestone):** The Production Performance Rights will vest and lapse in accordance with the following:
 - (i) subject to (ii), the Production Performance Rights will vest upon an amount of 15,000 tonnes or greater of copper ore at an average grade of 3% or higher being produced from both mining and from ore trucked to the mill for a calendar period of three months (**Production Milestone**) on or before 31 December 2015 (**Production Expiry Date**);
 - (ii) in the event the Production Milestone is not met by the Production Expiry Date, one third of the Production Performance Rights will lapse and two thirds of the Production Performance Rights will subsequently vest if both of the following conditions are satisfied:
 - (A) the Production Milestone is satisfied on or before 31 March 2016; and
 - (B) the Cashflow Milestone (as defined below) is satisfied.
 - (iii) In the event one or both of the conditions set out in paragraphs 1(a)(ii)(A) and 1(a)(ii)(B) are not satisfied, then the Production Performance Milestones shall immediately lapse on the earlier to occur of:
 - (A) the date that the Cashflow Milestone is determined to be not satisfied; and
 - (B) in the event the Cashflow Milestone is satisfied but the Production Milestone is not satisfied, 31 March 2016.
- (b) **(Cashflow Milestones):** The Cashflow Performance Rights will vest and lapse in accordance with the following:
 - (i) the Cashflow Performance Rights will vest upon the Company reporting a positive net cash position from operations (i.e. excluding any additional debt or equity raisings undertaken by the Company) for the period of October 2015 to December 2015, as reported in the Appendix 5B to be issued on or before 31 January 2016 (**Cashflow Expiry Date**) (**Cashflow Milestone**);
 - (ii) in the event the Cashflow Milestone has not been satisfied on or before the Cashflow Expiry Date, the Cashflow Performance Rights shall immediately lapse.
- (c) Each of the Production Milestone and the Cashflow Milestone are collectively referred to as the **Milestones**.

- (d) **(Notification to holder):** The Company shall notify the holder in writing when the relevant Milestones have been satisfied.
- (e) **(Vesting):** The Board may, in its absolute discretion, determine that all or a specified number of a holder's Performance Rights automatically vest in the event of:
 - (i) a takeover bid in respect of the Company under Chapter 6 of the Corporations Act is made, with the offeror under the takeover bid announcing that it has achieved acceptances in respect of 50.1% or more of the Shares, and the takeover bid becoming unconditional, however the total number of ordinary shares to be issued upon vesting of the Performance Rights must be no more than 10% of the issued ordinary capital of the entity as at the date of conversion;
 - (ii) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, with a scheme being an event in which:
 - (A) at a Court convened meeting of shareholders, the shareholders of the Company have voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:
 - (I) cancelled; or
 - (II) transferred to a third party; and
 - (B) the Court, by order, approves the proposed scheme of arrangement or compromise for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; and
 - (C) the scheme does not include a scheme of arrangement for the purposes of corporate restructure (including change of domicile, consolidation, subdivision, reduction or return) of the issued capital of the Company.
 - (iii) any person becomes bound or entitled to acquire shares in the Company under:
 - (A) section 414 of the Corporations Act; or
 - (B) Chapter 6A of the Corporations Act;
 - (iv) the Company passes a resolution for voluntary winding up; or
 - (v) an order is made for the compulsory winding up of the Company, and

such a determination shall be notified to the holder in writing. If no determination is made or if the Board determines that some or all of a

holder's Performance Rights do not vest, those Performance Rights shall automatically lapse.

- (f) **(Consideration):** The Performance Rights will be issued for no consideration each and no consideration will be payable upon the vesting of the Performance Rights.
- (g) **(Conversion of Performance Rights):** Subject to the satisfaction of the vesting conditions set out in paragraphs (a) and (b), each Performance Right vests to one (1) Share.
- (h) **(Lapse of a Performance Right):** If the Milestone attaching to a Performance Right has not been satisfied in accordance with the time periods set out in paragraphs (a)(a)(i), (a)(a)(iii) or (b)(i) it will automatically lapse and the holder shall have no entitlement to Shares pursuant to those Performance Rights.
- (i) **(Share ranking):** All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.
- (j) **(Listing of Shares on ASX):** The Company will not apply for quotation of the Performance Rights on ASX. However, the Company will apply for quotation of all Shares issued pursuant to the vesting of Performance Rights on ASX within the period required by ASX.
- (k) **(Transfer of Performance Rights):** The Performance Rights are not transferable.
- (l) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.
- (m) **(Adjustment for bonus issue):** If securities are issued pro-rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the number of Performance Rights to which each holder is entitled, will be increased by that number of securities which the holder would have been entitled if the Performance Rights held by the holder were vested immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the bonus issue.
- (n) **(Adjustment for reconstruction):** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Performance Right (including the Vesting Conditions) are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (o) **(Dividend and Voting Rights):** A Performance Right does not confer upon the holder an entitlement to vote or receive dividends.
- (p) **(No Rights on Winding Up):** Upon winding up of the Company, the Performance Rights may not participate in the surplus profits or assets of the Company.

SCHEDULE 6 – VALUATION OF PERFORMANCE RIGHTS

5 June 2015

The Directors
Metallum Limited
Suite 5, 62 Ord Street,
West Perth WA 6005

Attention: Winton Willesee

Dear Sirs

At the request of the Winton Willesee on behalf of the Metallum Limited ("the Company" or "Metallum") received on 4 June 2015, Stantons International Securities Pty Ltd hereby set out our technical valuations of the following performance rights ("Performance Rights") and options granted to the Key Management Personnel as follows:

Tranche A – 8,700,000 Production Performance Rights;
Tranche B – 8,700,000 Cashflow Performance Rights and;
Tranche C – 8,700,000 Options.

The grant of the above Performance Rights and Options are subject to the approval by shareholders at the forthcoming Extra-Ordinary General Meeting to be held on or around 16 July 2015 .

The Tranche A and B Performance Rights to be granted to the Key Management Personnel Valuation

1. The Tranche A and B Performance Rights will vest and convert into ordinary shares subject to the following performance hurdles:

(a) Tranche A Production Performance Rights (Production Milestone):

The Production Performance Rights will vest and lapse in accordance with the following:

- (i) subject to (ii), the Production Performance Rights will vest upon an amount of 15,000 tonnes or greater of copper ore at an average grade of 3% or higher being produced from both mining and from ore trucked to the mill for a calendar period of three months (Production Milestone) on or before 31 December 2015 (Production Expiry Date);
- (ii) in the event the Production Milestone is not met by the Production Expiry Date, one third of the Production Performance Rights will lapse and two thirds of the Production Performance Rights will subsequently vest if both of the following conditions are satisfied:
 - (A) the Production Milestone is satisfied on or before 31 March 2016; and
 - (B) the Cashflow Milestone (as defined below) is satisfied.
- (iii) In the event one or both of the conditions set out in paragraphs 1(a)(ii)(A) and 1(a)(ii)(B) are not satisfied, then the Production Performance Milestones shall immediately lapse on the earlier to occur of:
 - (A) the date that the Cashflow Milestone is determined to be not satisfied; and
 - (B) in the event the Cashflow Milestone is satisfied but the Production Milestone is not satisfied, 31 March 2016.

(b) Tranche B Cashflow Performance Rights (Cashflow Milestones): The Cashflow Performance Rights will vest and lapse in accordance with the following:

- (i) the Cashflow Performance Rights will vest upon the Company reporting a positive net cash position from operations (i.e. excluding any additional debt or equity raisings undertaken by the Company) for the period of October 2015 to December 2015, as reported in the Appendix 5B to be issued on or before 31 January 2016 (Cashflow Expiry Date) (Cashflow Milestone);
- (ii) in the event the Cashflow Milestone has not been satisfied on or before the Cashflow Expiry Date, the Cashflow Performance Rights shall immediately lapse.

Each of the Production Milestone and the Cashflow Milestone are collectively referred to as the Milestones.

2. The Performance Rights will vest into ordinary shares in the Company upon the satisfaction of Vesting Conditions that are on an overall mainly dependent Non- Market Based vesting conditions as disclosed above.
3. The Tranche A and B Performance Rights will lapse :-
 - (i) As determined by the Board, acting reasonably, that the responsible Director has acted fraudulently;
 - (ii) Dishonestly or is in breach of his obligations to the Company;
 - (iii) A failure to meet the Performance Right's Vesting Conditions - One third of the Production Performance Rights will lapse if the vest conditions not satisfied on or before 31 December 2015 and the rest will lapse if the vesting conditions are not satisfied on or before 31 March 2016 while the Cashflow Performance Rights will lapse on or before 31 January 2016 ;
 - (iv) Ceasing to be a key management personnel for any reason other than death; and
 - (v) The Performance Right lapsing in accordance with rule due to the occurrence of a takeover bid, compromise or arrangement or winding up or court orders as indicated according to the terms and conditions.
4. The Tranche A and B Performance Rights will be issued for no consideration each and no consideration will be payable upon vesting of the Performance Rights.
5. The shares to be issued in the event of vesting of the Performance Rights shall rank equally in all respects with other fully paid ordinary shares in the company.
6. In effect, the initial undiscounted value of the Performance Rights is the value of an underlying share in the Company as traded on ASX at the date of issue of the Performance Rights. For the purpose of this valuation based on deemed date of the grant being 4 June 2015 we have used 0.7 cents (being the last sale on ASX prior to this report).
7. In relation to the Non Market Based Performance Rights that have no market based conditions attached (the conditions are primarily for the Group to achieve the production milestone of 15,000 tonnes or greater of copper ore at an average grade of 3% or higher being produced from both mining and from ore trucked to the mill for a calendar period of three months (Production Milestone) on or before 31 December 2015 and therefore no market based discount is applied. However arguably a discount could be applied for the non-listed status and non-transferability relating to the Tranche A and B Performance Rights. However, we have not applied a discount. If a discount was applied, a discount of between 20% and 30% would not be unreasonable.

8. In effect, the initial undiscounted value of the Non Market Based Performance Rights is the value of an underlying share in the Company as traded on ASX at the date of issue of the Performance Rights. For the purpose of this valuation based on deemed date of the grant being 4 June 2015 we have used 0.7 cents. Under IFRS, the Company's Directors at the date of issue of the Tranche A and B Performance Rights will need to estimate the date when each non market based performance condition will be met and account for the value over the period from date of issue to the date the non market based performance conditions will be met (maximum time will be until 31 March 2016 from date of issue).

In this case, the Directors may need to estimate the number of Tranche A and B Performance Rights that may vest and then multiply 0.7 cents by the number and account for the value of the estimated vesting period.

9. We conclude that the undiscounted value of one Tranche A and B Performance Right based on a last underlying share price as at 4 June 2015, is 0.7 cents.

Tranche C - Options Valuations

In arriving at the below mentioned Options valuations, we have used the following assumptions.

1. The Black and Scholes option valuation methodology has been used. This Option Valuation methodology has been used with the expectation that the majority of these Options would be exercised towards the end of the term of these Options.
2. The exercise price of 8,700,000 Options will be 135% above the volume weighted average price ("VWAP") of Metallum Shares sold on the ASX during the thirty (30) Trading Days immediately preceding and including the date on which such price is to be determined.
3. These Options will be issued with an expiry date of 3 years from the date of issue. We have assumed that the Options will be deemed to be granted at the proposed Extra-Ordinary General Meeting of its shareholders on or around 16 July 2015 ("deemed grant date").
4. The closing price of a listed Metallum share as at 4 June 2015 was 0.7 cents (last sale on ASX prior to this report). We have used this share price as deemed spot price on the date of grant for the valuation purpose. Thus the exercise price of these Options for this report is taken as 0.945 cents. This valuation is made for the purpose of its inclusion in the notice of the Extra-Ordinary General Meeting; hence these Options need to be re-valued on their grant date i.e. the date of the Extra-Ordinary General Meeting. The actual exercise price may differ.
5. We have used a risk-free rate of a three year Australian Government bond being as 2.03%.
6. The 8,700,000 Options do not have any vesting conditions and will vest immediately on the grant date as confirmed by Winton Willesee. These Options are unlisted and non-transferable. To reflect the non-transferability and unlisted status of the Options, a discount rate of 20% to 30% may be applicable. You should consult your auditors before applying any discount. For the purpose of this report, we have not applied a discount rate.
7. We have assumed that no dividends are expected to be declared or paid by the Company during the term of the Options.
8. We note that the one year low share price of a Metallum Share was 0.7 cent on 16 April 2015 (as well as on 23 April 2015, 1 May 2015 and from 13 May 2015 to 3 June 2015) and the high was 2.3 cents on 23 June 2014. The annualised volatility to 3 June 2015 that was calculated using an option volatility calculator is 116.52%. However, it is noted that since May 2015, the shares have traded in the more narrow range of 0.7 cents to 0.9 cents. The 6 months volatility to 3 June 2015 that was calculated using an option volatility calculator is 97.23%. Metallum's share price is

sensitive to ASX announcements particularly with the opportunities in relation to its copper and gold exploration in Chile. In our opinion after taking into account the various ASX announcements, the volatility calculators, the relatively short term of the Options (36 months), and the general trend in the shares of the companies in similar businesses and trading on the ASX over the past 3 and 6 months, we are of the opinion that the fair volatility factor for the purpose of valuation as at 3 June 2015 should be approximately 100%. We have given our valuations for three levels of volatility being 90%, 100% and 110% for the purpose of the notice of the Extra-Ordinary General Meeting.

9. The valuations noted below are not necessarily the market prices that the Options could be traded at and it is not automatically the market prices for taxation purposes. The recipients of these Options should seek their own tax advice as to the tax treatment of receiving Options in Metallum and the values for taxation purpose.

Based on the above discussion the valuations of one Metallum Option under different volatilities are as follows:

No of Options	Expiry Date	Exercise Price (Cents)	Volatility percentage	Value (cents) for one Option
8,700,000	3 years from date of grant	0.945	90	0.3582
8,700,000	3 years from date of grant	0.945	100	0.3967
8,700,000	3 years from date of grant	0.945	110	0.4324

Should you wish to discuss the above, do not hesitate to contact me.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)



John Van Dieren
Director

PROXY FORM

METALLUM LIMITED
ACN 149 230 811

GENERAL MEETING

I/We

of:

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

Name:

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

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10.00am WST, on Thursday 16 July 2015 at Suite 5, 62 Ord Street, West Perth WA 6005, and at any adjournment thereof.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

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

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Ratification of Prior Issue of 136,141,226 Shares	☐	☐	☐
Resolution 2	Approval to Issue up to 113,858,774 Shares	☐	☐	☐
Resolution 3	Approval to Issue Options to Merchant Corporate Pty Ltd	☐	☐	☐
Resolution 4	Approval to Issue Priority Options	☐	☐	☐
Resolution 5	Approval to Issue Priority Options to Mr Winton Willesee	☐	☐	☐
Resolution 6	Approval to Issue Priority Options to Mr Zeffron Reeves	☐	☐	☐
Resolution 7	Approval to Issue Priority Options to Mr Colin Johnstone	☐	☐	☐
Resolution 8	Approval to Issue Shares to Mr Colin Johnstone	☐	☐	☐
Resolution 9	Approval to Issue Conversion Options to Mr Colin Johnstone	☐	☐	☐
Resolution 10	Approval to Issue Options to Mr Zeffron Reeves	☐	☐	☐
Resolution 11	Approval to Issue Performance Rights to Mr Zeffron Reeves	☐	☐	☐

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

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

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date:

Contact name:

Contact ph (daytime):

E-mail address:

Consent for contact by e-mail
in relation to this Proxy Form:

YES ☐ NO ☐

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Metallum Limited, Suite 5, 62 Ord Street, West Perth, WA 6005; or
 - (b) facsimile to the Company on facsimile number +61 8 9322 5230.

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.
