



NOTICE OF MEETING
AND
EXPLANATORY MEMORANDUM

Annual General Meeting of Shareholders

Location: QV1 Conference Centre (Function Room)

Level 2, 250 St Georges Terrace

Perth 6000, Western Australia

On Wednesday, 26 November 2014 commencing at

10:00 am (WST)

*This is an important document. Please read it carefully.
If you are unable to attend the Annual General Meeting, please
complete the proxy form enclosed and return it in accordance
with the instructions set out on that form.*

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NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Metals X Limited ABN 25 110 150 055 (“Metals X” or “the Company”) will be held at 10.00am (WST) on Wednesday, 26 November 2014 at the QV1 Conference Centre (Function Room) Level 2, 250 St Georges Terrace Perth 6000, Western Australia.

AGENDA

BUSINESS

The business of the meeting will consist of:

ORDINARY BUSINESS

1. Financial Statements and Reports

To receive the Financial Statements, Directors’ Report and Auditor’s Report for the year ended 30 June 2014.

Note: There is no requirement for shareholders to approve these reports.

2. Resolution 1 – Remuneration Report

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

“That the Remuneration Report for the year ended 30 June 2014 as disclosed in the 2014 Annual Report be adopted.”

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

The Company will in accordance with the Corporations Act disregard any votes cast on Resolution 1 by a member of the Key Management Personnel (details of whose remuneration are included in the Remuneration Report) or a Closely Related Party of such a member. However, a person (the voter) described above may cast a vote on this Resolution if as a proxy if the vote is not cast on behalf a member of the Key Management Personnel or a Closely Related Party of such a member and either:

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

3. Resolution 2 - Election of Director – Andrew Ferguson

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

"That Andrew Ferguson, a Director retiring from office by rotation, and in accordance with Rule 3.6 of the Constitution, being eligible, is re-elected as a Director of the Company."

4. Resolution 3 - Election of Director – Xie Penggen

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

"That Xie Penggen, a Director retiring from office by rotation, and in accordance with Rule 3.6 of the Constitution, being eligible, is re-elected as a Director of the Company."

5. Resolution 4 – Consolidation of Capital

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

“That, for the purposes of section 254H of the Corporations Act and for all other purposes, the share capital of the Company will be consolidated through the conversion of every four ordinary shares in the Company into one ordinary share in the Company and that any resulting fractions of a share be rounded up to the next whole number of shares, with effect on a date to be announced to the ASX in accordance with the Listing Rules.”

6. Resolution 5 – Increase in Non-Executive Directors’ Fees

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

"That, pursuant to and in accordance with Listing Rule 10.17 of the Australian Securities Exchange, Rule 10.2 of the Constitution and for all other purposes, the maximum aggregate directors’ fees payable to Non-Executive Directors be increased from \$300,000 per annum to \$600,000 per annum."

In relation to Resolution 5, pursuant to Listing Rule 10.17 of the Official Listing Rules of the Australian Securities Exchange the Company will disregard any votes cast by a Director of the Company and any of their associates. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

There are also restrictions on voting by Key Management Personnel and Closely Related Persons as described in the Explanatory Memorandum.

7. Resolution 6 – Approval of Issue of Performance Rights to Peter Cook (Chief Executive Officer and Executive Director)

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

"That, for the purposes of Listing Rule 10.14, sections 208, 200B and 200E of the Corporations Act and for all other purposes, in part consideration of his employment as Chief Executive Officer and Executive Director of the Company, Mr Peter Cook or his nominee be issued 1,538,462 Performance Rights to acquire ordinary shares in the capital of the Company, on the terms and conditions set out, and approval be given to give Mr Cook the termination benefits described, in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."

In relation to Resolution 6, pursuant to section 224 of the Corporations Act and Listing Rule 10.15.5 of the Official Listing Rules of the Australian Securities Exchange, the Company will disregard any votes cast by the Directors (except those who are ineligible to participate in the Metals X Limited Long Term Incentive Plan) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

8. Resolution 7 – Approval of Issue of Performance Rights to Warren Hallam (Executive Director)

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

"That, for the purposes of Listing Rule 10.14, sections 208, 200B and 200E of the Corporations Act and for all other purposes, in part consideration of his employment as Executive Director of the Company, Mr Warren Hallam or his nominee be issued 1,130,770 Performance Rights to acquire ordinary shares in the capital of the Company, on the terms and conditions set out, and approval be given to give Mr Hallam the termination benefits described, in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."

In relation to Resolution 7, pursuant section 224 of the Corporations Act and Listing Rule 10.15.5 of the Official Listing Rules of the Australian Securities Exchange, the Company will disregard any votes cast by the Directors (except those who are ineligible to participate in the Metals X Limited Long Term Incentive Plan) and any of their associates. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

9. Resolution 8 – Long Term Incentive Plan

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

"That, pursuant to and in accordance with Exception 9(b) in ASX Listing Rule 7.2, and for all other purposes, the issue of securities under the Metals X Limited Long Term Incentive Plan, the terms and conditions of which are described in section 8 of the Explanatory Memorandum accompanying this Notice of Annual General Meeting, be approved as an exception to Listing Rule 7.1."

In relation to Resolution 8, pursuant to Listing Rule 7.2 Exception 9 the Company will disregard any votes cast by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme of the Company) and any of their associates. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

OTHER BUSINESS

To transact any other business which may be brought forward in accordance with the Company's Constitution.

VOTING ENTITLEMENT

For the purpose of determining an entitlement to vote at the Annual General Meeting, a person will be recognised as a member if that person is registered as a holder of Metals X Limited shares at **10.00 am on Monday, 24 November 2014 (48 hours before meeting)**.

Dated: 24 October 2014

For and on behalf of the Board



F. Van Maanen
Company Secretary

NOTES

- (a) A member who is entitled to attend and cast a vote at the meeting is entitled to appoint no more than two proxies (who need not be members of the Company) to attend and vote on a poll in the members place.
- (b) The appointment of two proxies will be of no effect unless each proxy is appointed to represent a specified proportion of the member's voting rights. A single proxy exercises all voting rights.
- (c) The form of proxy must be signed by a member or the member's attorney duly authorised in writing or if the member is a corporation under its corporate seal or in accordance with section 127 of the Corporations Act 2001 or by its duly authorised attorney or representative. If an attorney is to attend the meeting please submit the relevant power of attorney for noting and return.
- (d) The Company has determined in accordance with regulations pursuant to section 1074E of the Corporations Act 2001 that for the purpose of voting at the meeting, shares will be taken to be held by those persons recorded on the Company's register as at 10.00 am on Monday, 24 November 2014.
- (e) A corporation may elect to appoint a representative in accordance with the Corporations Act 2001 in which case the Company will require written proof of the representative's appointment, which must be lodged with or presented to the Company before the meeting.
- (f) If you have any queries in relation to proxies please call the Company's share registry, Security Transfer Registrars Pty Ltd, on (08) 9315 2333 during business hours.

EXPLANATORY MEMORANDUM

METALS X LIMITED
ABN 25 110 150 055

ORDINARY BUSINESS

1. Financial Statements and Reports

The Corporations Act requires the Financial Statements, Directors' Report and Auditor's Report of the Company for the year ended 30 June 2014 to be tabled at the Annual General Meeting ("AGM").

Shareholders will be given an opportunity to ask questions of the Directors and the Company's Auditors in relation to the accounts of the Company at the Annual General Meeting.

2. Approval of the Remuneration Report (Resolution 1)

The Annual Report for the year ended 30 June 2014 contains a Remuneration Report, which sets out the remuneration policy for the Company and reports the remuneration paid to the Directors and Executives during the financial year. A copy of the report is set out in the Directors' Report within the Annual Report and can be found on the Company's website at www.metalsx.com.au.

The Chairman of the meeting will allow a reasonable opportunity for shareholders to ask questions about, or make comments on, the Remuneration Report at the meeting. In addition, shareholders will be asked to vote on the Remuneration Report.

The resolution is advisory only and does not bind the Company or its Directors. The Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies. Under the Corporations Act 2001, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election. Metals X encourages all shareholders to cast their votes on Resolution 1.

Any undirected proxies held by the Chairman of the meeting, will be voted in favour of Resolution 1. The Chair is authorised to exercise any undirected proxy in relation to the Resolution even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or if the Company is part of a consolidated entity for the consolidated entity.

Key Management Personnel of Metals X are the Directors of Metals X and those other persons having authority and responsibility for planning, directing and controlling the activities of Metals X, directly or indirectly. The Remuneration Report identifies Metals X's Key Management Personnel for the financial year to 30 June 2014. Their closely related parties are defined in the Corporations Act 2001, and include certain of their family members, dependants and companies they control.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 by marking either "For", "Against" or "Abstain" on the Proxy Form for that item of business. You should specifically note that if you indicate on the Proxy Form that you do not wish to specify how your proxy should vote on Resolution 1, you will be deemed to have expressly authorised the Chairman to cast your votes on Resolution 1 and the Chairman intends to vote any undirected proxies in favour of Resolution 1. **If you wish to appoint the Chairman as your proxy but do not want your votes to be cast in favour of Resolution 1, you must indicate your voting intention by marking either "against" or "abstain" against Resolution 1 in the Proxy Form.**

3. Election of Director – Andrew Ferguson (Resolution 2)

Resolution 2 seeks approval for the re-election of Mr Andrew Ferguson as a Director with effect from the end of the Meeting.

Clause 3.6 of the Company's Constitution provides that at each Annual General Meeting one-third of the Directors (other than the Managing Director or any alternate Director) for the time being, or, if their number is not a multiple of three, then such number as is appropriate to ensure that no Director holds office for more than three years, must retire. Directors who retire by reason of clause 3.6 of the Constitution are those Directors who have been in office the longest since their last election. A retiring Director is eligible for re-election.

Mr Ferguson retires from office in accordance with this requirement and submits himself for re-election.

Mr Ferguson is an Executive Director and the Chief Executive Officer of APAC Resources Limited. Mr Ferguson holds a Bachelor of Science Degree in Natural Resource Development and worked as a mining engineer in Western Australia in the mid 1990's. In 2003, Mr Ferguson co-founded New City Investment Managers in the United Kingdom. He has a proven track record in fund management and was the former co-fund manager of City Natural Resources High Yield Trust, which was awarded 'Best UK Investment Trust' in 2006. In addition, he managed New City High Yield Trust Ltd. and Geiger Counter Ltd. He worked as Chief Investment Officer for New City Investment Managers CQS Hong Kong, a financial institution providing investment management services to a variety of investors. He has over 15 years of experience in the finance industry specialising in global natural resources. Mr Ferguson also serves on the Company's Audit and Remuneration and Nomination Committees.

Mr Ferguson is a nominee of the Company's largest shareholder, APAC Resources Ltd (HK1104). Mr Ferguson has been a director of the Company since 10 May 2012.

Directors' recommendation

The non-candidate Directors unanimously support the re-election of Mr Ferguson.

4. Election of Director – Xie Penggen (Resolution 3)

Resolution 3 seeks approval for the re-election of Mr Xie Penggen as a Director with effect from the end of the Meeting.

Clause 3.6 of the Company's Constitution provides that at each Annual General Meeting one-third of the Directors (other than the Managing Director or any alternate Director) for the time being, or, if their number is not a multiple of three, then such number as is appropriate to ensure that no Director holds office for more than three years, must retire. Directors who retire by reason of clause 3.6 of the Constitution are those Directors who have been in office the longest since their last election. A retiring Director is eligible for re-election.

Mr Xie retires from office in accordance with this requirement and submits himself for re-election.

Mr Xie is a Minerals Processing Engineer with over 25 years of experience in the mining industry. Mr Xie commenced his career within the Jinchuan Group where he has undertaken various operational, technical and management roles. He is currently an executive in Jinchuan's global investment group, which is responsible for the group's international investments.

Mr Xie is a nominee of the Company's second largest shareholder, Jinchuan Group Limited who are a state-owned enterprise of the Peoples Republic of China. Mr Xie has been a director of the Company since 9 February 2012.

Directors' recommendation

The non-candidate Directors unanimously support the election of Mr Xie.

5. Approval of Consolidation of Capital (Resolution 4)

Introduction

The Company proposes to consolidate its share capital through the conversion of every four ordinary shares in the Company into one ordinary share in the Company. Under section 254H of the Corporations Act, a company may consolidate its shares if the consolidation is approved by an ordinary resolution of shareholders at a general meeting.

Reason for the Consolidation

Metals X has a large number of shares on issue due to historical equity-based capital raisings and corporate transactions. The number of shares is disproportionate to Metals X's peers, so the Company proposes to reduce this number by way of this share consolidation.

Effect of the Consolidation

If the proposed share consolidation is approved by shareholders, the number of Metals X shares on issue will be reduced from approximately 1.66 billion to approximately 414 million. As the consolidation applies equally to all of the Company's shareholders, individual shareholdings will be reduced in the same ratio as the total number of the Company's shares (subject only to the rounding of fractions). It follows that the consolidation will have no material effect on the percentage interest of each individual shareholder in the Company. For example, if a shareholder currently has 1,655,826 shares representing approximately 0.1 percent of the Company's issued capital, then if the share consolidation is approved and implemented, the shareholder will have 413,957 shares following the consolidation, still representing the same 0.1 percent of the Company's issued capital. Similarly, the aggregate value of each shareholder's holding (and Metals X's market capitalisation) should not

materially change (other than minor changes as a result of rounding) as a result of the share consolidation alone (that is assuming no other market movements or impacts occur). However, the price per share can be expected to increase to reflect the reduced number of shares on issue.

Shareholders should note that the reduction of share capital, if approved, will have an effect on the Company's share price.

In accordance with Listing Rule 7.22 upon the consolidation of shares taking effect the number of options on issue are required to be consolidated in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio. Accordingly, the approval of Resolution 4 will have a flow on effect for all options issued by the Company.

From the date of the consolidation, all holding statements for shares will cease to be accurate and the Company will arrange for new holding statements to be issued to holders of shares. Pending receipt of new holding statements, it is the responsibility of shareholders to check the number of post consolidation shares held by them prior to any sale or other dealings.

Capital structure

The effect of the consolidation on the Company's capital structure, including options, is as follows:

| Securities | Pre-Consolidation | | Post Consolidation | |
|-------------------------------|-------------------|----------------|--------------------|----------------|
| | Number | Exercise Price | Number | Exercise Price |
| Ordinary shares | 1,655,826,110 | - | 413,956,528 | - |
| Unlisted Options (01/11/2014) | 1,100,000 | \$0.21 | 275,000 | \$0.84 |
| Unlisted Options (30/11/2014) | 4,750,000 | \$0.30 | 1,187,500 | \$1.20 |
| Unlisted Options (25/03/2015) | 715,000 | \$0.44 | 178,750 | \$1.76 |

Timetable

The timetable for the consolidation if resolution 4 is approved is as follows:

| Event | Date * |
|---|------------|
| Company announces Consolidation and sends Notice of Meeting to shareholders | 24/10/2014 |
| Company advises the ASX that shareholders have approved the Consolidation | 26/11/2014 |
| Last day for trading of pre-Consolidation shares | 27/11/2014 |
| Trading of Consolidated shares on a deferred settlement basis begins | 28/11/2014 |
| Last day for Company to register transfers on a pre-Consolidation basis | 02/12/2014 |
| Company sends holding statements and new certificates to shareholders | 03/12/2014 |
| Deferred settlement market ends | 09/12/2014 |

* Indicative and subject to change in accordance with the ASX Listing Rules

Taxation Implications

The summary in this section is general in nature. In addition, particular taxation implications will depend upon the circumstances of each shareholder. Accordingly, shareholders are encouraged to seek and rely only on their own professional advice in relation to their tax position. Neither the Company nor any of its officers, employees or advisors assumes any liability or responsibility for advising shareholders about the tax consequences for them from the proposed share consolidation.

The share consolidation will be undertaken in accordance with section 254H of the Corporations Act. Subject only to the very minor impact of rounding, there will be no change to the proportionate interests held by each shareholder in the Company as a result of the consolidation. The share consolidation will occur through the conversion of every four ordinary shares in the Company into one ordinary share in the Company. No capital gains tax event will occur as a result of the Company share consolidation and therefore there will be no taxation implications arising for the Company's shareholders.

Fractional Entitlements

Fractional entitlements, which will occur where a shareholder holds an odd number of fully paid ordinary shares which cannot be evenly divided by four, will be rounded up to the nearest whole fully paid ordinary share.

Directors' Recommendation

The Company's Directors unanimously recommend that shareholders vote in favour of the share Consolidation. Each Director intends to vote all the Company's shares controlled by him or her in favour of the proposed share Consolidation.

No other material information

Other than as set out in this document, and other than information previously disclosed to the shareholders of the Company, there is no other information that is known to the Company's Directors which may reasonably be expected to be material to the making of a decision by the Company's shareholders whether or not to vote in favour of the capital reduction.

The Chairman of the meeting intends to vote undirected proxies in favour of resolution 4.

6. Increase in Non-Executive Director Fees (Resolution 5)

Resolution 5 seeks shareholder approval for the purposes of Listing Rule 10.17, Rule 10.2 of the Constitution and for all other purposes, for the Company to be authorised to increase the aggregate amount of fees available to be paid to Non-Executive Directors by \$300,000 from \$300,000 per annum to an aggregate amount of \$600,000 per annum.

The Board considers that it is reasonable and appropriate at this time to seek an increase in the remuneration pool for Non-Executive Directors for the following reasons:

- a) recent growth of the Company and increased responsibilities and increased numbers of Non-Executive Directors to balance independence at Board level;
- b) Non-Executive Directors fees may in the future need to be increased to retain Directors;
- c) to attract new Non-Executive Directors of a calibre required to effectively guide and monitor the business of the Company; and
- d) to remunerate Non-Executive Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates.

The fees payable to Non-Executive Directors and the Chairman are measured and benchmarked against industry peers on a regular basis.

It is not intended to fully utilise the increased aggregate fees in the immediate future, but rather have a pool to enable efficient management of Non-Executive affairs in the future.

The fee pool covers all fees for services as a Non-Executive Director including committee fees and superannuation contributions. The Company does not pay any benefit in connection with a Non-Executive Director's retirement from office other than superannuation contributions. The remuneration of each Director for the year ended 30 June 2014 is detailed in the Company's 2014 Annual Report.

In accordance with Listing Rule 10.17, no securities have been issued to a Non-Executive Director under Listing Rule 10.11 or 10.14 with or without the approval of holders of ordinary securities at any time within the last three years.

Directors' Recommendation

The Directors recommend that shareholders vote in favour of this resolution. All Directors and their associates are excluded from voting on Resolution 5 in accordance with the voting exclusion statement appearing under the text of Resolution 5 of the Notice of Meeting.

Additional restrictions on voting apply under section 250BD of the Corporations Act. A person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 5 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:

- (c) the proxy is the Chair of the Meeting; and

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

Shareholders who wish to appoint the Chair as their proxy and who do not wish the Chair to cast their votes in favour of Resolution 5 will need to specifically indicate on the Proxy Form that they don't want the proxy to vote in favour of Resolution 5.

The Chair is authorised to exercise any undirected proxy in relation to the Resolution even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or if the Company is part of a consolidated entity for the consolidated entity.

7. Approval of issue of Performance Rights to Peter Cook and Warren Hallam (Resolution 6 and Resolution 7)

7.1 Introduction

The Board has resolved, subject to shareholder approval, to issue Mr Cook (Chief Executive Officer and Executive Director) and Mr Hallam (Executive Director), Performance Rights pursuant to the Company's Long Term Incentive Plan ("LTIP") to acquire ordinary shares in the capital of the Company, in the quantum and on the terms which are set out below.

- The number of Performance Rights to be issued to Mr Cook and Mr Hallam respectively in respect of the 2014 financial year ("FY15 Performance Rights") (pre-Consolidation) is 1,538,462 and 1,130,770. If resolution 4 is approved, the Post Consolidation impact on Performance Rights will also be a division by four.
- FY15 Performance Rights are priced at \$0.26 per right, based on the 20 day Volume Weighted Average Price ("VWAP") up to and including 30 June 2014. The Post Consolidation price per right granted would be increased by four times to \$1.04.
- The issue of the Performance Rights is subject to the terms of the LTIP.
- No cash consideration is payable for the issue of the Performance Rights.
- The Performance Rights will vest and become exercisable subject to prescribed service and performance conditions being met. The number of Performance Rights vesting will be subject to the Company's relative performance for each of the performance conditions.
 - 1) The service condition requires continuous employment for a three (3) year period commencing on 1 July 2014. The Board has discretion in circumstances of death, disability or bona fide redundancy to vary the service condition and reduce the number of Performance Rights proportionately for a period of service of less than three years.
 - 2) The performance conditions comprise the following:
 - a) a condition based on Absolute Total Shareholder Returns; and
 - b) a condition based on Relative Total Shareholder Returns.

each of which is calculated over the three year period commencing 1 July 2014.

- Subject to the satisfaction of the performance conditions, Mr Cook and Mr Hallam will receive one ordinary share in the Company for each Performance Right granted. Any Performance Right that does not vest will automatically lapse.
- The Performance Rights will not be listed on ASX and are not transferable, except as permitted under the LTIP.
- The Performance Rights represent the LTI component of Mr Cook's and Mr Hallam's total remuneration in respect of the 2015 financial year. Details of Mr Cook's and Mr Hallam's remuneration for the previous financial year are contained in the 2014 Annual Report. Details of the peer comparator group against which Relative Total Shareholder Return will be measured appear below.

7.2 Shareholder Approval

Shareholder approval of the issue of Performance Rights to Mr Cook and Mr Hallam is sought for all purposes under the Corporations Act and the ASX Listing Rules, including for the following purposes:

- Under Listing Rule 10.14, the acquisition of securities by a director under an employee incentive scheme requires shareholder approval. Shareholder approval is therefore sought for the acquisition by Mr Cook and Mr Hallam of Performance Rights (and therefore the subsequent issue of ordinary shares upon vesting of Performance Rights).
- Under section 208 of the Corporations Act which regulates to giving of financial benefits to related parties.
- Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in the company or a related body corporate if it is approved by shareholders or an exemption applies. Section 200B of the Corporations Act applies to managerial or executive officers of the Company or any of its subsidiaries, which includes Mr Cook and Mr Hallam. The term benefit has a wide operation and includes the early vesting of the Performance Rights under the rules of the LTIP. This approval is sought in case any vesting occurs in connection with any future retirement of Mr Cook or Mr Hallam from office. Neither Mr Cook nor Mr Hallam has expressed any intention to retire from office in the foreseeable future.
- It is proposed, therefore, that this resolution will also approve, under section 200E of the Corporations Act, any 'termination benefit' that may be provided to Mr Cook and Mr Hallam under the LTIP in relation to the Performance Rights to be granted to them, in addition to any other termination benefits that may be provided to Mr Cook and Mr Hallam as otherwise permitted under the Corporations Act. The termination benefit that may be given under the LTIP is the early vesting of the Performance Rights if Mr Cook and Mr Hallam cease employment with the Company due to death, disability, bona fide redundancy or other reason with the approval of the Board.

7.3 Disclosures Made for the Purposes of Listing Rule 10.15

In accordance with Listing Rule 10.15, the Company notes that:

- the maximum number of securities (pre-Consolidation) that can be awarded to Mr Cook and Mr Hallam respectively if this resolution is approved is 1,538,462 and 1,130,770 Performance Rights, entitling Mr Cook and Mr Hallam respectively to a maximum of 1,538,462 and 1,130,770 fully paid ordinary shares if all Performance Rights subsequently vest;
- the price payable on the issue or exercise of each Performance Right is nil;
- Mr Cook and Mr Hallam have not previously been granted any Performance Rights under the LTIP. Mr Cook and Mr Hallam are the only Directors entitled to participate in the LTIP because they are the only Executive Directors and the Company has not declared any Non-executive Director as being eligible to participate in the LTIP;
- there have not previously been any grants of Performance Rights made to any Director or associate of a Director under the LTIP;
- there is no loan proposed in relation to the proposed award of Performance Rights to Mr Cook and Mr Hallam; and
- Mr Cook's and Mr Hallam's Performance Rights are intended to be granted by 31 December 2014 and in any event will not be granted later than 12 months after the date of the meeting.

For the purposes of Listing Rule 7.2 Exception 14 it is stated that if shareholders' approval is given under Listing Rule 10.14 to the issue of the Performance Rights to Mr Cook and Mr Hallam then approval to issue the Performance Rights is not required under Listing Rule 7.2.

7.4 Shareholder Approval (Section 208 of the Corporations Act)

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act provides that, for a public company to give a financial benefit to a related party of the company, the company must:

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

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act. As it is not clear as to whether the grant of the Performance Rights would fall within one of the exceptions in section 210 to 216 of the Corporations Act, the Board has decided it would be prudent to seek shareholders' approval to the grant of the Performance Rights.

The following supplementary disclosures are given for the purposes of Chapter 2E of the Corporations Act (and are to be read in conjunction with the rest of this Part 7 of this Explanatory Memorandum);

- Mr Cook and Mr Hallam are each related parties of the Company by virtue of being Directors of the Company.
- The provision of Performance Rights by the Company constitutes the giving of a financial benefit to related parties.
- The primary purpose for the provision of the issue of the Performance Rights to Mr Cook is to provide a market linked incentive package in his capacity as Chief Executive Officer and Executive Director and to assist in the reward, retention and motivation of Mr Cook in managing the operations and strategic direction of the Company whilst maintaining the Company's cash reserves. The Board (other than Mr Cook) considered the extensive experience and reputation of Mr Cook, the current market price of Shares and current market practices when determining the number of Performance Rights to be issued to Mr Cook. The Board (other than Mr Cook and Mr Hallam) considers the issue of the Performance Rights to Mr Cook to be reasonable upon the terms proposed;
- The primary purpose for the provision of the issue of the Performance Rights to Mr Hallam is to provide a market linked incentive package in his capacity as Executive Director and to assist in the reward, retention and motivation of Mr Hallam in the ongoing operations and strategic direction of the Company whilst maintaining the Company's cash reserves. The Board (other than Mr Hallam) considered the extensive experience and reputation of Mr Hallam, the current market price of Shares and current market practices when determining the number of Performance Rights to be issued to Mr Hallam. The Board (other than Mr Cook and Mr Hallam) considers the issue of the Performance Rights to Mr Hallam to be reasonable upon the terms proposed;
- The Company will not incur any material cash costs or fees in relation to issuing the Performance Rights to Mr Cook and Mr Hallam.
- If the Performance Rights are not issued to Mr Cook and Mr Hallam, the Company could remunerate the Directors for additional amounts.
- The Board (other than Mr Cook and Mr Hallam) considers it reasonable and in the interests of Shareholders for the remuneration of the two Executive Directors to have a cash component and an equity component to further align the two Executive Directors' interests with Shareholders.

7.5 Dilution Effect of the Performance Right Grant

The effect to the Company of the grant of an aggregate of 2,669,232 (pre-Consolidation) Performance Rights to Mr Cook and Mr Hallam is that there will be a dilution of the issued share capital if the Performance Rights vest. Based on 1,655,826,110 (pre-Consolidation) shares currently on issue the vesting of the Performance Rights would have a dilution effect of approximately 0.16%. Also there are currently the following options (pre-Consolidation) on issue in the Company:

| Type | Number of Options | Exercise Price | Expiry Date |
|--------------|-------------------|----------------|-------------|
| Unlisted | 1,100,000 | \$0.21 | 01/11/2014 |
| Unlisted | 4,750,000 | \$0.30 | 30/11/2014 |
| Unlisted | 715,000 | \$0.44 | 25/03/2014 |
| Total | 6,565,000 | | |

7.6 Related Parties' Existing Interests

Mr Cook and Mr Hallam presently have the following interests in shares and options of the Company:

| Name | Ordinary Shares | Options exercisable at \$0.30 expiring 30 November 2014 |
|---------------|-----------------|---|
| Peter Cook | 70,316,705 | - |
| Warren Hallam | 6,350,000 | 1,250,000 |

7.7 Valuation

The value of the Performance Rights were assessed by independent consultants BDO Corporate Finance (WA) Pty Ltd by applying a Hoadley employee share option pricing methodology.

In determining the value of the Performance Rights, the following assumptions have been made:

| Details | Absolute TSR Performance Rights | Relative TSR Performance Rights |
|---|-------------------------------------|---------------------------------|
| Valuation date | 10 October 2014 | 10 October 2014 |
| Underlying share spot price (based on 20 day VWAP up to valuation date) | \$0.232 | \$0.232 |
| Exercise price | Nil | Nil |
| Share price barrier | \$0.353 | - |
| Vesting conditions | 1.15 ³ times 20 day VWAP | - |
| Measurement date | 1 July 2017 | 1 July 2017 |
| Life of rights | 3 years | 3 years |
| Volatility | 60% | 60% |
| Risk free rate | 2.63% | 2.63% |
| Stock dividend yield per annum | 2.92% | 2.92% |
| Valuation per right | \$0.116 | \$0.16 |

Based on these assumptions, the value of the Performance Rights proposed to be granted to each Director (or his nominee) is as follows:

| Name | Value of Absolute TSR Performance Rights | Value of Relative TSR Performance Rights | Total Value of Performance Rights |
|---------------|--|--|-----------------------------------|
| Peter Cook | \$89,231 | \$123,077 | \$212,308 |
| Warren Hallam | \$65,585 | \$90,462 | \$156,046 |

7.8 Directors' Remuneration

The relevant Directors' estimated total remuneration package based on the Remuneration Report disclosed in the 2014 Annual Report when added to the value of the performance rights is as follows:

| Name | Salary and Fees | Cash Bonus | Superannuation | Non-Monetary Benefits | Long Service Leave | Value of Performance Rights to be issued | Total Remuneration |
|---------------|-----------------|------------|----------------|-----------------------|--------------------|--|--------------------|
| Peter Cook | \$454,352 | \$100,000 | \$22,535 | \$6,042 | \$16,430 | \$212,308 | \$811,667 |
| Warren Hallam | \$480,484 | \$84,000 | \$21,968 | \$5,729 | \$25,378 | \$156,046 | \$773,605 |

7.9 Trading History

At the time of preparing this Notice of Annual General Meeting, the closing price of the Company's shares on the ASX was \$0.21. The price of the Company's shares quoted on the ASX over the past 12 months has ranged from a high of \$0.28 on 7 July 2014 to a low of \$0.135 on 10 October 2013.

7.10 Board Recommendations

Peter Newton who does not have a material personal interest in the outcome of Resolutions 6 and 7 recommends that Shareholders vote in favour of Resolutions 6 and 7 for the reasons set out in sub-paragraphs above. Mr Newton is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 6 and 7.

Andrew Ferguson who does not have a material personal interest in the outcome of Resolutions 6 and 7 recommends that Shareholders vote in favour of Resolutions 6 and 7 for the reasons set out in sub-paragraphs above. Mr Ferguson is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 6 and 7.

Paul Cmrlec who does not have a material personal interest in the outcome of Resolutions 6 and 7 recommends that Shareholders vote in favour of Resolutions 6 and 7 for the reasons set out in sub-paragraphs above. Mr Cmrlec is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 6 and 7.

Simon Heggen who does not have a material personal interest in the outcome of Resolutions 6 and 7 recommends that Shareholders vote in favour of Resolutions 6 and 7 for the reasons set out in sub-paragraphs above. Mr Heggen is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 6 and 7.

Xie Penggen who does not have a material personal interest in the outcome of Resolutions 6 and 7 recommends that Shareholders vote in favour of Resolutions 6 and 7 for the reasons set out in sub-paragraphs above. Xie Penggen is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 6 and 7.

Mr Cook and Mr Hallam do not wish to make a recommendation in relation to Resolutions 6 and 7 as each of them has a material personal interest in one of the Resolutions.

7.11 Performance Rights – Further Details

Performance Rights to be granted in respect of the 2015 financial year will be offered pursuant to the terms of the LTIP and the performance conditions set out below.

7.11.1 Performance Rights Pricing

The issue price of the Performance Rights following vesting and exercise by the holder is based on the 20 day VWAP on the ASX of the Company's share price up to, and including, the last business day of the financial period immediately preceding the period that the Performance Rights relate to. FY15 Performance Rights are priced at \$0.26 per right (pre-Consolidation), based on the 20 day VWAP up to and including 30 June 2014.

7.11.2 Performance Conditions for Performance Rights

The performance conditions for FY15 Performance Rights will be measured over a three year vesting period ending on 30 June 2017. Vesting conditions also include satisfying performance conditions:

- 50% of total Performance Rights will be measured against an Absolute Total Shareholder Return performance measure; and
- 50% of total Performance Rights will be measured against a Relative Total Shareholder Return performance measure.

7.11.3 Percentage of Relevant Total Fixed Remuneration Offered as LTIs for the 2015 Financial Year

- Chief Executive Officer - 80%;
- Other Executive Directors and Chief Financial Officer - 70%;
- Executive General Managers - 60%; and
- General Managers - 50%.

The Board has the discretion to vary the relevant percentage each year, having regard to external advice and / or relevant market benchmarks.

7.11.4 An Example of How Total Performance Rights are Calculated for the 2015 Financial Year (Assuming the Maximum Award Level) is set out below:

| | |
|--|-----------------------------|
| CEO & Executive Director - Total Fixed Remuneration ("TFR") | \$500,000 |
| LTI award value 80% of TFR | \$400,000 (i.e. 80% of TFR) |
| Performance Rights issue price (20 day VWAP) | \$0.26 |
| Performance Rights to be granted ($\$400,000 \div \0.26) | 1,538,462 |

7.11.5 Absolute Total Shareholder Return Performance Measure

The Absolute Total Shareholder Return ("TSR") Performance Rights (50% of total Performance Rights) will vest subject to the Compound Annual Growth Rate of the Company's TSR being not less than 15% over the three year service period.

7.11.6 Relative Total Shareholder Return Performance Measure

The Relative TSR Performance Rights (50% of total Performance Rights) are measured against a defined peer group of companies which the Board considers compete with the Company for the same investment capital, both in Australia and overseas, and which by the nature of their business are influenced by commodity prices and other external factors similar to those that impact on the TSR performance of the Company.

The comparator group of companies for FY15 Performance Rights comprises:

| | |
|--------------------------------|----------------------------------|
| Evolution Mining Limited | Oceana Gold Corporation |
| Independence Gold Limited | Ramelius Resources Limited |
| Kingsgate Consolidated Limited | Regis Resources Limited |
| Kingsrose Mining Limited | Saracen Mineral Holdings Limited |
| Medusa Mining Limited | Silver Lake Resources Limited |
| Northern Star Resources Ltd | Norton Goldfields Limited |

At the discretion of the Board, the composition of the comparator group may change from time to time. TSR measures the growth for a financial year in the price of shares plus cash distributions notionally reinvested in shares. Company and comparator TSR performances are measured using the 20 day VWAP calculation up to, and including, the last business day of the financial period immediately preceding the period that the Performance Rights relate to, and in determining the closing TSR performances at the end of the three year period. Relative TSR performance is calculated at a single point in time and is not subject to re-testing. To satisfy this measure, the Company's TSR must be equal to or greater than the median TSR performance of a comparator group (that is, the Relative TSR). The proportion of the FY15 Performance Rights that vest will be influenced by the Company's TSR relative to the comparator group over the three year vesting period ending on 30 June 2017 as outlined below:

| Relative TSR Performance | % Contribution to the Number of Performance Rights to Vest |
|---------------------------------|---|
| Below 50th percentile | 0% |
| 50th percentile | 50% |
| Between 50th & 75th percentiles | Pro-rata from 50% to 100% |
| 75th percentile and above | 100% |

8. Approval of Long Term Incentive Plan (Resolution 8)

The Metals X Long Term Incentive Plan ("Plan") has operated since 2010. It is designed to assist with the attraction, motivation and retention of relevant employees of the Metals X group, align the interests of those employees and shareholders by matching rewards with the long term performance of Metals X and, accordingly, drive Metals X's improved performance.

Shareholder approval is sought for the issue of securities for the purposes of Exception 9(b) of ASX Listing Rule 7.2. If approval is given, securities issued under the Plan will be exempt from counting towards the 15% of the issued capital of the Company which may be issued in any 12 month period without requiring Shareholder approval in advance under ASX Listing Rule 7.1. Shareholder approval will therefore allow the Company to retain maximum flexibility in relation to use of that 15% capacity.

Summary of the Plan

The Company has introduced the Plan for the purpose of providing Eligible Participants an opportunity to participate in the future growth and profitability of the Company and thereby provide an additional incentive to work to improve the performance of the Company. An added objective of the Plan is to assist in attracting and retaining personnel essential for the continued growth and development of the Company, promoting and fostering loyalty and support amongst Company personnel for the benefit of the Company and enhancing the relationship between the Company and Eligible Participants for the long term mutual benefit of all parties.

Prior shareholder approval will be required before any Director or related party of the Company can participate in the Plan.

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

- (a) a copy of the rules of the Plan is contained in Annexure A of this meeting notice;
- (b) as at the date of this Notice, 4,850,000 options have been issued since the last approval of the Plan in November 2010. Of these no options have been exercised, 100,000 options have lapsed and been cancelled leaving 4,750,000 options currently on issue); and

| Number of Employee Options on issue | Exercise Price | Expiry Date |
|-------------------------------------|----------------|------------------|
| 4,750,000 | \$0.30 | 30 November 2014 |

- (c) a voting exclusion statement has been included for the purposes of Resolution 8.

The full terms of the Plan are set out in Annexure A. The main terms of the Plan may be summarised as follows:

- The Plan provides for the issue of rights to acquire shares to Eligible Participants or their nominees. These rights are of two broad types, referred to in the Plan as “Options” and “Performance Rights” respectively.
- The objective of the Plan is to reward the efforts of and provide incentives for employees and directors of the Company and its related bodies corporate by enabling Eligible Participants to participate in the future growth and profitability of the Company and to attract and retain a high standard of managerial and technical personnel for the benefit of the Company.
- There is a limit on the number of Options and Performance Rights which may be issued such that at any time the number of Options and Performance rights on issue under the Plan or a previous plan when aggregated with shares issued in the previous 5 years under the Plan or a previous plan will not exceed 5% of the issued shares in the Company (assuming all Options and Performance Rights were exercised). The 5% limit does not apply to offers of options made outside Australia or made under section 708 of the Corporations Act or made under the disclosure document or made under certain exemptions under previous Corporations laws.
- Eligible Participants include directors and employees whether full or part time of the Company or a Related Body Corporate.
- The Board will determine which Eligible Participants are to be offered Options or Performance Rights under the Plan having regard to criteria to be determined by the Board.
- The Board will determine how many Options or Performance Rights are to be offered in each instance and the material terms and conditions of such Options or Performance Rights.

Terms Applicable to Options

- The Expiry Date for an Option will be 2 years after the Issue Date or the Vesting Date (if later) or such other time as the Board may specify in the offer for such Option.
- The Vesting Date for Options is 3 years after the Issue Date or such other date determined by the Board.
- Options may generally only be exercised during the period commencing on the later of the Vesting Date, the last of any Exercise Conditions or other Forfeiture Conditions are satisfied (or waived by the Board) and the Expiry Date.
- The Exercise Price for Options issued under the Plan will be set by the Board at the time the Options are offered.
- Options will be issued for an issue price no more than 1 cent per Option unless the Board determines otherwise.

Terms Applicable to Performance Rights

- The Expiry Date for a Performance Right will be 2 years after the Issue Date or the Vesting Date (if later) or such other time as the Board may specify in the offer for such Performance Rights.
- The Vesting Date for Performance Rights will be 3 years from the date of issue or such other date as the Board may specify in the offer of such Performance Rights.
- Performance Rights will only be exercisable between the Vesting Date (or such later date on which any Vesting Conditions or other Forfeiture Conditions are satisfied or waived by the Company) and the Expiry Date.
- The Exercise Price for a Performance Right will be nil unless the Board otherwise determines prior to the offer of the Performance Right.
- Performance Rights will be issued at an issue price no more than 1 cent per Performance Right unless the Board determines otherwise.

Terms Applicable to both Options and Performance Rights

- The Board may impose Forfeiture Conditions, which if not satisfied or waived will cause the Options or Performance Rights to be cancelled.
- Provision is made for Options or Performance Rights to become exercisable earlier than they ordinarily would in the event of certain special circumstances, including change of control, takeovers and other events.
- The Options and Performance Rights will not be listed for quotation on the ASX and will not be transferable except with the consent of the Company.
- Upon exercise of Options or Performance Rights, the Company will make application for quotation on ASX of shares issued pursuant to exercise of the Options or Performance Rights.
- If an Eligible Participant ceases to be an Eligible Participant during a “Restricted Period” as defined in the Plan as a result of resigning or being removed for cause, then generally the Options or Performance Rights issued to such Eligible Participant or nominee will lapse.
- If an Eligible Participant voluntarily resigns after Options have become exercisable, the Board may permit the Options to be exercised within a month of resignation or such longer period as the Board determines.
- Special provision is made for Options and Performance Rights to continue for a period of one year and not lapse in the event of special circumstances such as the death, permanent disability, retirement or redundancy of a Participant.

Shareholders who wish to appoint the Chair as their proxy and who do not wish the Chair to cast their votes in favour of Resolution 8 will need to specifically indicate on the Proxy Form that they don't want the proxy to vote in favour of Resolution 8.

The Chair is authorised to exercise any undirected proxy in relation to the Resolution even though the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company or if the Company is part of a consolidated entity for the consolidated entity.

9. Glossary

In the Explanatory Memorandum the following terms bear the following meanings unless the context otherwise requires.

A\$ means the lawful currency of Australia.

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

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) and where the context permits, the Australian Securities Exchange operated by ASX Limited.

Board means the Board of Directors of the Company.

Company means Metals X Limited.

Consolidation means the consolidation of Shares proposed in Resolution 4.

Constitution means the constitution of the Company.

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

Directors means the directors of the Company.

Explanatory Memorandum means the explanatory memorandum to this Notice of General Meeting.

Listing Rules or Official Listing Rules means the listing rules of ASX.

LTIP means the Company's Long Term Incentive Plan which is governed by the rules appearing in Annexure A to this notice.

Notice means this Notice of Annual General Meeting and includes the Explanatory Memorandum and Proxy Form.

Option means an option to acquire a Share.

Performance Right means a performance right issued pursuant to the LTIP.

Resolution means a resolution contained in this Notice of General Meeting.

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

Shareholder means a shareholder of the Company.

WST means Australian Western Standard Time.

ANNEXURE A
RULES OF METALS X LIMITED LONG TERM INCENTIVE PLAN

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Rules of the Metals X Limited Long Term Incentive Plan

1. Introduction

- 1.1 This document sets out the Rules of the “Metals X Limited Long Term Incentive Plan” (**Plan**).
- 1.2 There are legal and tax consequences associated with participation in the Plan. Eligible Participants should ensure that they understand these consequences before accepting an invitation to participate in the Plan.

2. Objectives

- 2.1 The objectives of the Plan are to:
 - (a) establish a method by which Eligible Participants can participate in the future growth and profitability of the Company;
 - (b) provide an incentive and reward for Eligible Participants for their contributions to the Company; and
 - (c) attract and retain a high standard of managerial and technical personnel for the benefit of the Company.

3. Definitions and interpretation

3.1 Definitions

In these Rules:

Application means an application for Options or Performance Rights in such form as the Board may from time to time determine, by which an Offer may be accepted.

Application Date means the date on which an Application is lodged with the Company by an Eligible Participant or his or her nominee in accordance with the requirements of these Rules.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange as the context requires.

Board means the board of Directors of the Company from time to time.

Business Day has the meaning given to it in the Listing Rules.

Change of Control Event means a person, or a group of associated persons, becoming entitled to sufficient Shares to give that person or persons the ability, in general meeting, to replace all or a majority of the Board.

Class Order means ASIC Class Order 03/184 or any subsequent class order made or approved by ASIC in substitution of Class Order 03/184.

Company means Metals X Limited ACN 110 150 005.

Constitution means the constitution of the Company, as amended from time to time.

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

Director means a director of the Company.

Eligible Participant means a person who is a full time or part-time employee or director of the Company or a Related Body Corporate of the Company, other than any such person who has given notice of resignation, or who has been given notice of termination, of his or her employment, or removed from his or her position.

Exercise Condition means a condition (excluding a Vesting Condition) relating to an Option or Performance Right which must be satisfied or waived before the Option or Performance Right may be exercised.

Exercise Period means:

- (a) in relation to an Option, the period from the end of the Restricted Period to the Expiry Date; and
- (b) in relation to a Performance Right, the period from the Vesting Date to the date 2 years after the Vesting Date or such other period as determined by the Board.

Exercise Price means:

- (a) in relation to an Option, an amount determined by the Board as the subscription price per Share prior to the offer of the Option in accordance with paragraph 1 of schedule 1 payable by a Participant on exercise of the Option; and
- (b) in relation to a Performance Right, a nil amount unless otherwise determined by the Board as the subscription price per Share prior to the offer of the Performance Right in accordance with paragraph 1 of Schedule 2 payable by a Participant on exercise of the Performance Right.

Expiry Date means 5.00pm Western Standard Time in Australia on the day which is 2 years after the Issue Date or Vesting Date (if later) or such other time specified in an Offer as determined by the Board in its absolute discretion.

Forfeiture Conditions means conditions of the kind referred to in clause 9 of the Plan.

Group Company means the Company and any Related Body Corporate of the Company.

Holder means the registered holder of Options or Performance Rights.

Issue Date means the date on which the Company issues the Option or Performance Right.

Listing Rules means the Listing Rules of ASX, and any other rules of ASX which are applicable to the Company while the Company is admitted to the official list of ASX, each as amended from time to time, except to the extent of any express waiver by ASX.

Nominal Consideration means consideration of not more than 1 cent per Option or Performance Right.

Offer means the offer of Options or Performance Rights made substantially in accordance with paragraph 1 of Schedule 1 or paragraph 1 of Schedule 2 and on the terms set out in these Rules with such adjustments as the Board may consider relevant having regard to any Class Order or the requirements of the Listing Rules or the individual circumstances of an Offer.

Option means a right, other than a Performance Right, to subscribe for or otherwise acquire a Share on the terms set out in these Rules.

Option Exercise Notice means a notice for the exercise of Options in accordance with the Rules in such form as the Board may from time to time prescribe.

Participant means an Eligible Participant to whom Options or Performance Rights have been validly granted (either directly or to a nominee) under the Plan.

Performance Hurdle means performance hurdles as determined by the Remuneration Committee and specified in the Offer of Performance Rights.

Performance Right means a right to subscribe for or otherwise acquire a Share on the terms set out in these Rules.

Performance Right Exercise Notice means a notice for the exercise of Performance Rights in accordance with the Rules in such form as the Board may from time to time prescribe.

Permanent Disablement means:

- (a) the illness or incapacity of the Eligible Participant necessitating the permanent withdrawal of the Eligible Participant from the work force, as accepted to the satisfaction of the Board; or
- (b) any other circumstances which the Board considers should be treated as Permanent Disablement for the purposes of the Plan.

Plan means the Metals X Limited Long Term Incentive Plan established in accordance with these Rules.

Related Body Corporate has the same meaning as given to that term in the Corporations Act.

Remuneration Committee means the Remuneration Committee of the Board.

Restricted Period means:

- (a) in relation to Options, the meaning given to that term in paragraph 5.1 of Schedule 1; and
- (b) in relation to Performance Rights, the period of time between the Issue Date and the later of the Vesting Date and the date the last of any Vesting Conditions, Exercise Conditions or Forfeiture Conditions are satisfied or waived by the Board.

Rules means the rules of the Plan as set out in this document as amended from time to time.

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of a Share.

Takeover Period in relation to a takeover bid in respect of Shares, means the offer period as defined in section 624 of the Corporations Act.

Vesting Conditions means such conditions as determined by the Board, which must be satisfied before a Performance Right can be exercised, and may include Performance Hurdles.

Vesting Date means 5.00pm Western Standard Time in Australia on the day, which is 3 years after the Issue Date or such other date as determined by the Board and specified in an Offer.

3.2 Interpretation

In these Rules:

- (a) headings are for convenience only and do not affect the interpretation of the Plan; and unless expressed to the contrary;
- (b) any reference in the Plan to any enactment includes a reference to that enactment as from time to time amended, consolidated, re-enacted or replaced and to all regulations or instruments issued under it;
- (c) any words denoting the singular include the plural and words denoting the plural include the singular;
- (d) any words denoting one gender include the other gender;
- (e) where any word or phrase is given a definite meaning in the Plan, any part of the speech or other grammatical form of that word or phrase has a corresponding meaning;
- (f) a reference to a power, right or discretion being exercisable by the Board is taken to be a reference to that power, right or discretion being exercisable by a delegate of the Board;
- (g) a reference to an application to participate in the Plan includes any process implemented by the Board to provide for deemed applications; and
- (h) a reference to:
 - (i) a person includes a firm, unincorporated association, corporation and a government or statutory body or authority;
 - (ii) a person includes its legal personal representatives, successors and assigns;
 - (iii) a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
 - (iv) a right includes a benefit, remedy, discretion, authority or power;
 - (v) an obligation includes a warranty or representation and a reference to a failure to observe or perform an obligation includes a breach of warranty or representative;
 - (vi) **\$** or **dollars** is a reference to the lawful currency of Australia;
 - (vii) this or any other document includes the document as varied or replaced and notwithstanding any change in the identity of the parties; and
 - (viii) anything (including, without limitation, any amount) is a reference to the whole or any part of it and a reference to a group of things or persons is a reference to any one or more of them.
- (i) Unless the context otherwise requires any word or phrase used in these Rules which is not defined above, but which is defined in the Listing Rules has the same meaning as defined in the Listing Rules.
- (j) A reference to the Listing Rules has effect only if the Company is admitted to the official list of ASX, and is otherwise to be disregarded (save where any term is defined by reference to the meaning given to it in the Listing Rules).

4. The Plan

- 4.1 There shall be set aside for the purposes of the Plan such number of Options and Performance Rights as the Board may from time to time determine.
- 4.2 The Board will administer the Plan.
- 4.3 For so long as the Company is admitted to the official list of ASX, Options and Performance Rights may not be offered to a Director or his or her associates except where approval is given by the shareholders of the Company in general meeting in accordance with the requirements of the Listing Rules and where required the Corporations Act.
- 4.4 Participation in the Plan is subject to the Rules.
- 4.5 The provisions of:
 - (a) Schedule 1 apply to the extent the Company makes a Participant an Offer of Options (subject to the power of the Board to vary or supplement Schedule 1 in relation to any Offer); and
 - (b) Schedule 2 apply to the extent the Company makes a Participant an Offer of Performance Rights (subject to the power of the Board to vary or supplement Schedule 1 in relation to any Offer).

5. Eligibility to participate

- 5.1 The Board may in its absolute discretion determine criteria to apply to an Eligible Participant for participation in the Plan including, without limitation, a minimum period of service.
- 5.2 Subject to Rule 4.3 in respect of the participation of Directors, Eligible Participants are eligible to participate in the Plan.
- 5.3 Eligibility to participate in the Plan does not confer a right to participate in the Plan. Participation in the Plan will be solely determined by the Board in accordance with these Rules.
- 5.4 Options and Performance Rights may be granted to Eligible Participants or their nominees as approved by the Board from time to time.
- 5.5 The Board may in its discretion determine the number of Options or Performance Rights to be offered to an Eligible Participant and the Board may, subject to these Rules, determine the terms and conditions applicable to such Options or Performance Rights.

6. Cessation of employment of Participant

- 6.1 Subject to Rule 6.3, Options and Performance Rights will automatically lapse and be forfeited if during the Restricted Period the Participant to whom the Options or Performance Rights were first offered and subsequently granted (whether directly or to a nominee of such Participant):
 - (a) voluntarily resigns from employment with the Company other than to take up employment with a Related Body Corporate of the Company;
 - (b) is dismissed from employment or is removed from his or her position with the Company for any one or more of the following reasons:
 - (i) wilful misconduct bringing disrepute on the Company or a Related Body Corporate;
 - (ii) repeated disobedience;
 - (iii) incompetence in the performance of any duties for which the Eligible Participant was employed;
 - (iv) fraud or any other dishonesty in respect of the property or affairs of the Company or a Related Body Corporate; or
 - (v) any other reason, based on which the Board believe is fair and reasonable to warrant the lapsing and forfeiture of the Options or Performance Rights;
 - (c) Performance Hurdle(s) are not satisfied in full, in which case a proportion of Performance Rights may be forfeited, such proportion to be at the absolute discretion of the Board; or
 - (d) Performance Hurdle(s) are not satisfied to a minimum threshold, in which case all Performance Rights will be forfeited.

- 6.2 The Board may in its absolute discretion determine that the Options granted to a Participant (or a nominee thereof) who voluntarily resigns from employment with a Group Company (other than to take up employment with another Group Company) at any time after an Option has become exercisable, may be exercised by the Participant within:
- (a) 1 month after such resignation; or
 - (b) such longer periods as the Board determines,
- and any Options the subject of this clause not exercised within the 1 month or longer period determined by the Board, will automatically lapse and be forfeited.
- 6.3 Options and Performance Rights that are subject to a Restricted Period and Options that are exercisable will not lapse and be forfeited if the Participant ceases employment or is removed from his or her position with the Company in the following circumstances:
- (a) death of the Participant;
 - (b) total permanent disability of the Participant, such that the Participant is incapable of performing his or her duties due to a form of illness, injury or other disablement, as determined by the Board;
 - (c) retirement;
 - (d) redundancy; or
 - (e) any other reason, based on which the Board believe is fair and reasonable to warrant the Eligible Participant or nominee maintaining his/her right to exercise the Options or Performance Rights.
- 6.4 Should a Participant, in the opinion of the Board, satisfy the requirements of Rule 6.3 the Participant or nominee will have a period of one (1) year to exercise the Options and/or Performance Rights from the date the Company receives notice or determines the existence of the specified event (as the case may be) and acknowledges in writing that such event satisfies the requirements of Rule 6.3.

7. Dividends and voting rights

Holders of Options or Performance Rights have no rights to vote at meetings of the Company or receive dividends until Shares are allotted or acquired on the exercise of Options or Performance Rights pursuant to the Rules.

8. Maximum number of Options and Performance Rights

- 8.1 The Board must not offer or grant Options or Performance Rights to any Eligible Participant under the Plan if, immediately following the grant of the Options or Performance Rights the subject of the Offer, the total number of Shares to which the Options or Performance Rights to be granted under the Offer relate, when aggregated with:
- (a) the total number of Shares which are the subject of any outstanding Offers of Options and Performance Rights;
 - (b) the number of Shares which would be issued if each outstanding Option and Performance Right or other outstanding rights or options or other outstanding entitlements to Shares issued under any other employee or director share or option scheme operated by the Company were to be exercised, ignoring any Vesting Conditions; and
 - (c) the number of Shares issued during the previous five (5) years pursuant to the Plan or any other employee or director share or option plan operated by the Company,
- would exceed five per cent (5%) of the total number of issued Shares in the Company as at the time of the Offer.
- 8.2 For the purposes of Rule 8, any Shares, Options, Performance Rights or options offered in the following circumstances may be disregarded:
- (a) an offer made to a person situated outside Australia at the time of receipt of the Offer;
 - (b) an offer that did not need disclosure to investors because of section 708 of the Corporations Act;
 - (c) an offer made pursuant to a disclosure document (as defined in the Corporations Act); or
 - (d) an offer that was an excluded offer or invitation within the meaning of the Corporations Act as in force before the commencement of Schedule 1 of the *Corporate Law Economic Reform Program Act 1999* (Cth).

9. Forfeiture Conditions

- 9.1 The Board may when the Options or Performance Rights are offered determine that the Options or Performance Rights issued will be subject to Forfeiture Conditions.
- 9.2 Options or Performance Rights, which are subject to the forfeiture conditions are liable to be forfeited by the Company if any of the forfeiture conditions are not satisfied. An Option or Performance Right, which is forfeited by the Company will be cancelled and will not thereafter be capable of being exercised by the Holder.
- 9.3 Any Options or Performance Rights that are subject to Forfeiture Conditions cannot be exercised until such time as the Forfeiture Conditions have been satisfied or waived.
- 9.4 Forfeiture Conditions will comprise those conditions described as such by the Board and set out in an Offer (or in a document accompanying an Offer).
- 9.5 Without limiting the Board's power to impose Forfeiture Conditions, Forfeiture Conditions may include:
- (a) A condition that the Eligible Participant remain as an employee or director (as the case may be) of the Company or its related body corporate for a stipulated minimum period;
 - (b) A condition that any stipulated performance criterion be satisfied by the Eligible Participant;
 - (c) A condition that certain specified milestones in connection with the development or operation of any mineral or other project of the Company or related body corporate are completed within a specified time or in a specified manner;
 - (d) A condition that the market price of the Company's ordinary shares attain a specified price (or remain at a specified price for a specified number of days) within a specified period.
- 9.6 Any Forfeiture Conditions imposed by the Board may subsequently be waived in whole or in part by the Company by notice in writing to the Holder of the relevant Options or Performance Rights. Any Forfeiture Conditions so waived will be deemed to be satisfied. For the avoidance of doubt Forfeiture Conditions may be waived after a Participant has been ceased to be an Eligible Participant in which case the waiver will be deemed to have occurred while the Participant remained an Eligible Participant.
- 9.7 Subject to the Listing Rules the Company may also vary any Forfeiture Conditions by notice in writing to the Holder of the relevant Options or Performance Rights provided such variation is not adverse to the Participant holding the relevant Options or Performance Rights.
- 9.8 For the avoidance of doubt, a Performance Hurdle, Exercise Condition and a Vesting Condition will generally constitute a Forfeiture Condition unless the terms of such Performance Hurdle, Exercise Condition or Vesting Condition, as the case may be, indicate a contrary intention.
- 9.9 Options and Performance Rights may also be liable to forfeiture in the circumstance on such to the terms and conditions set out in clause 6 of this Plan.

10. Taxation

Neither the Company nor its directors, officers, employees, representatives or agents take any responsibility or assume any liability for the taxation liabilities of Participants that arise in respect of the issue or exercise of Options and Performance Rights.

11. Listing Rules

The terms and conditions of the Plan must at all times comply with the Listing Rules. If there is any inconsistency between the terms and conditions of the Plan and the Listing Rules then the Listing Rules will prevail.

12. Administration of the Plan

12.1 Board powers

The Plan will be administered by the Board who shall have the power and absolute discretion to:

- (a) determine the appropriate procedures from time to time for the administration of the Plan, including the form of application and other forms and notices to be issued under the Plan, subject to the Rules;
- (b) subject to Rules 6.2, 11, 12.2 and 14, amend, modify or waive any or all of the Rules (including this Rule), or any restriction or other condition relating to any Options or Performance Rights allocated under the Plan;

- (c) resolve conclusively all questions of fact or interpretation concerning the Plan and the applicable Rules and any dispute of any kind that arises under the Plan, including as to the interpretation or application of the Plan or any restrictions or other conditions relating to any Options or Performance Rights allocated under the Plan, and the decision of the Board is final and binding on the Company and the Participants;
- (d) delegate to any one or more persons for such period and on such conditions as the Board may determine the exercise of any of the Board's powers or discretions under the Plan; and
- (e) waive any breach of a provision of the Plan.

12.2 Limitation on amendments

Subject to the applicable Rules, without the consent of the Participant, no amendment may be made to any restriction or other condition relating to any Options or Performance Rights allocated under the Plan, which reduces the rights of Participants to those Options or Performance Rights, other than an amendment made primarily to:

- (a) comply with present or future State or Commonwealth legislation;
- (b) correct any manifest error; or
- (c) take into consideration possible adverse tax implications in respect of the Plan arising from, among other things:
 - (i) adverse rulings from the Commissioner of Taxation;
 - (ii) changes to Australian tax legislation (including an official announcement by the Commonwealth of Australia); or
 - (iii) changes in the interpretation of Australian tax legislation by a court or tribunal of competent jurisdiction.

12.3 Board's discretion

The Board has absolute and unfettered discretion:

- (a) to act or refrain from acting under the applicable Rules or concerning the Plan or any Options or Performance Rights allocated under the Plan; and
- (b) in exercising any power or discretion concerning the Plan or any Options or Performance Rights allocated under the Plan,

except that while the Company is listed on the official list of the ASX, the Board may only exercise its powers in accordance with the Listing Rules of the ASX.

12.4 Indemnification

The Company must indemnify, and keep indemnified, to the full extent permitted by law, each person who is or has been a director or alternate director of the Company against all proceedings, actions, claims, demands, losses, liabilities, damages, costs and expenses which may be made, brought against, suffered or incurred by the person arising directly or indirectly out of or in connection with the operation of the Plan.

13. Restriction on exercise of Options and Performance Rights

No Option or Performance Right given under this Plan may be exercised unless the underlying Shares pertaining to that Option or Performance Right have been listed on ASX for a period of 3 months immediately before the date of the Offer without suspension for more than a total of five trading days during that period such that the Company is following issue of the Shares on exercise of the Option or Performance Right eligible to issue a cleansing notice under Sections 708A(5) of the Corporations Act.

14. Termination, suspension and amendment of the Plan

Subject to any applicable Listing Rules or laws, the Plan will take effect when the Board decides and may be suspended, terminated or amended at any time by resolution of the Board.

15. Costs, charges and duties

The Company:

- (a) is not responsible for any costs, charges or duties which are or may become payable on the transfer, allotment and issue of Options or Performance Rights under the Plan or any other dealing with the Options or Performance Rights; and
- (b) may make any withholding or payment which it is required by law to make in connection with the Plan or the Options or Performance Rights.

16. Terms of employment not affected

- 16.1 The rights and obligations of a Participant under the terms of his or her office, employment or contract with a Group Company are not affected by his or her participation in the Plan.
- 16.2 The applicable Rules do not form part of, and will not be incorporated into, any contract of a Participant (whether or not they are an employee of a Group Company).
- 16.3 No Participant has any right to compensation or damages as a result of the termination of his or her office, employment or other contract with a Group Company for any reason, so far as those rights arise or may arise from the Participant ceasing to have rights under the Plan as a result of the termination.
- 16.4 The Company makes no representation or guarantee as to the ongoing value of Options or Performance Rights which a Participant acquires under the Plan. No Participant has any right to compensation or damages as a result of any decrease in value of Options or Performance Rights which the Participant acquires under the Plan.

17. Notices

- 17.1 A notice or other communication under or concerning the Plan is validly given:
- (a) by the Company to a Participant, if delivered personally to the addressee or sent by prepaid post to his or her last known residential address, or sent to him or her by facsimile or email at his or her place of work or posted on an electronic noticeboard maintained by the Company and accessible by the Participant; and
 - (b) by a Participant to the Company if delivered or sent by prepaid post addressed to, as appropriate, the company secretary of the Company at the Company's registered office (or any other address the Board specifies).
- 17.2 A notice or other communication sent by post will be treated as received 48 hours after it was posted.

18. Miscellaneous

- 18.1 No broker's fees or commissions are payable by an Eligible Participant for the grant of Options or Performance Rights pursuant to this Plan.
- 18.2 Participants (or nominees thereof) granted Options or Performance Rights under this Plan are bound by these Rules and the Constitution.
- 18.3 No Participant or Holder has or is to be regarded for any purpose as having any interest in Shares the subject of an Option or Performance Right until that Option or Performance Right is exercised and the Share is allotted.
- 18.4 The Company will establish and maintain a register of Participants.
- 18.5 Neither the adoption of the Plan by the Board nor any provisions of these Rules will be construed as creating any limitation on the power of the Board to adopt such additional remuneration arrangements as it may deem desirable, including without limitation, the granting of share options and bonuses otherwise than under the Plan, and any such arrangements may be either generally applicable or applicable only in specific cases.
- 18.6 All Options and Performance Rights lapse on liquidation of the Company.

19. Governing law

The Plan and these Rules are governed by the laws of Western Australia and the Commonwealth of Australia.

20. Severance

If any provision in the Rules is void, voidable by any party or illegal, it shall be read down so as to be valid and enforceable or, if it cannot be so read down, the provision (or where possible, the offending words) shall be severed from the Rules without thereby affecting the validity, legality or enforceability of the remaining provisions (or parts of those provisions) of the Rules which shall continue in full force and effect.

Schedule 1 - Options

1. Offer of Options

- 1.1 The Company may from time to time make Offers in writing to Eligible Participants inviting them to accept an offer of Options under the Plan.
- 1.2 No Offer may be made if to do so would contravene the Constitution, the Corporations Act, the Listing Rules or any other applicable law.
- 1.3 Each Offer must be in writing and must:
- (a) specify the name of the Eligible Participant to whom the Offer is made;
 - (b) specify the total number of Options (and the number of Shares to which the Options relate) being offered;
 - (c) specify such terms and conditions of the issue of the Options the subject of the Offer, as determined by the Board, including:
 - (i) the Expiry Date;
 - (ii) any Forfeiture Conditions;
 - (iii) the Exercise Price; and
 - (iv) the Restricted Period.
 - (d) specify the time and date by which the Offer must be accepted;
 - (e) specify any other matters required to be specified in the Offer by the Corporations Act, the Listing Rules and/or applicable instruments issued by ASIC; and
 - (f) have an Acceptance Form and copy of these Rules attached.
- 1.4 If the Company is admitted to the official list of ASX, the Offer must include an undertaking by the Company to provide to a Participant, within a reasonable period of being so requested, the current market price (as defined in the Listing Rules) of the Shares.
- 1.5 Options must be offered under the Plan for no more than Nominal Consideration unless the Board otherwise determines.

2. Acceptance of Offer of Options

- 2.1 Upon receipt of an Offer of Options, an Eligible Participant may, within the period specified in the Offer:
- (a) accept the whole or any lesser number of Options offered by submitting an Acceptance Form; or
 - (b) nominate a nominee in whose favour the Eligible Participant wishes to renounce the Offer.
- 2.2 Upon:
- (a) receipt of the completed Acceptance Form; or
 - (b) the Board resolving to allow the renunciation to a nominee for the Eligible Participant and the nominee accepting the whole or any lesser amount of Options offered by notice in writing to the Board,
- then the Eligible Participant, or the nominee, as the case may be, will be taken to have agreed to be bound by:
- (c) these Rules;
 - (d) the terms of the Offer; and
 - (e) the Constitution in respect of any Shares acquired on the exercise of Options.

3. Grant of Options

- 3.1 Upon acceptance of a duly signed and completed Acceptance Form, the Company may grant the Options applied for to the applicant (such person then being known as the **Holder**) on the terms determined by the Board under paragraph 1 of this Schedule.
- 3.2 The Company will issue a certificate or holding statement to each Holder in respect of Options granted to them.
- 3.3 The Offer will lapse if not accepted within the time required under the terms of the Offer.

4. Terms of Options

- 4.1 The terms of Options granted under the Plan shall be as determined by the Board from time to time in accordance with this paragraph 4.
- 4.2 The Exercise Price of an Option shall be the price determined by the Board in its absolute discretion prior to or on grant of the Options.
- 4.3 Subject to Rule 6, the Exercise Period of an Option shall be the period determined by the Board in its absolute discretion prior to or on grant of the Option. If no period is determined by the Board then the Exercise Period shall be the period from the date of grant of the Option to the Expiry Date.

- 4.4 Unless otherwise determined by the Board when it resolves to grant the Option, each Option is granted on the terms set out in this Schedule and the Rules generally. The Options will be subject to the terms and conditions of the Plan and in the event of any inconsistency between the terms in this Schedule and the provisions in the Plan, the Plan will prevail to the extent of the inconsistency.

Exercise of Options

- (a) Each Option entitles the Holder to subscribe for one Share on exercise of the Option.
- (b) Subject to paragraph (e), a Holder may not exercise Options before expiry of the Restricted Period.
- (c) Subject to paragraph (e), a Holder may only exercise Options during the Exercise Period (and then only after any Exercise Conditions or other Forfeiture Conditions have been satisfied or waived by the Company).
- (d) On expiry of the Exercise Period an Option not exercised shall automatically lapse.
- (e) Notwithstanding paragraph (c), Options may be exercised:
 - (i) during a Takeover Period;
 - (ii) at any time after a Change of Control Event has occurred;
 - (iii) at any time after the announcement of a proposed capital reconstruction referred to in paragraph (n);
 - (iv) in the Board's absolute discretion, following the occurrence and announcement by the Company of an event that in the opinion of the Board is likely to lead to the Company being removed from the official list of ASX; or
 - (v) in the Board's absolute discretion, within 12 months, in the event of the death or Permanent Disablement of an Eligible Participant, in respect of Options held by or on behalf of that Eligible Participant.
- (f) If, in the reasonable opinion of the Board, an Eligible Participant acts fraudulently or dishonestly in any material respect or is in material breach of his or her obligations to any Group Company, then, notwithstanding any other provision in these Rules, the Board may deem any unexercised Options held by or on behalf of the Eligible Participant to have lapsed.

Notice of exercise

- (g) Options may only be exercised by notice in writing to the Company which is signed by the Holder and delivered to the registered office of the Company. The notice must specify the number of Options being exercised and must be accompanied by:
 - (i) the Exercise Price for the number of Options specified in the notice; and
 - (ii) the certificate or holding statement for those Options, for cancellation by the Company.The notice only becomes effective when the Company has received the full amount of the Exercise Price for the number of Options specified in the notice in cleared funds.

Issue of certificates

- (h) Subject to paragraphs (c) to (g) above, within 10 Business Days of the notice referred to in paragraph (g) above becoming effective, the Board must:
 - (i) acquire or allot and issue the number of Shares specified in the notice to the Holder;
 - (ii) cancel the certificate or holding statement for the Options being exercised; and
 - (iii) if applicable, issue a new certificate or holding statement for any remaining unexercised Options covered by the certificate or holding statement accompanying the notice.

Allotment of Shares

- (i) All Shares allotted upon the exercise of Options will be credited as fully paid and will be of the same class and rank equally in all respects with other Shares, and, in particular, entitle their holders to participate fully in:
 - (i) dividends declared by the Company after the date of allotment; and
 - (ii) all issues of securities offered to holders of Shares where entitlements to participate in those issues are determined by reference to a record date after the date of allotment of Shares allotted upon the exercise of Options.

Quotation on ASX

- (j) If existing Shares are officially quoted by ASX, the Company must apply for official quotation by ASX of all Shares allotted pursuant to the exercise of Options not later than 10 Business Days after the date of allotment.
- (k) The Company will not apply to have the Options granted under the Plan quoted on ASX or any other stock exchange.

New issues

- (l) Holders will only be permitted to participate in a pro rata issue of Shares to the holders of Shares on the prior exercise of Options. The Company must notify the Holder of the proposed issue at least 7 Business Days before the record date to determine entitlements to the pro rata issue.

Bonus issues

- (m) If from time to time prior to the expiry of any Options the Company makes an issue of any class of shares to the holders of Shares on a pro rata basis by way of capitalisation of profits or reserves (other than an issue in lieu of dividends) (a **Bonus Issue**) then upon exercise of an Option, each Holder is entitled to have issued (in addition to the Shares which would otherwise be issued upon such exercise) the number of shares of the class which would have been issued to the Holder under the Bonus Issue (**Bonus Shares**) if on the date on which entitlements to participate in the Bonus Issue were calculated the Holder had been registered as the holder of the number of Shares of which the Holder would have been registered as holder if immediately prior to that date the Option had been exercised and the Shares the subject of such exercise had been duly allotted and issued. The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the Bonus Issue and upon issue rank equally in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.

Reorganisation of capital

- (n) In the event of a reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Options to which each Holder is entitled or the Exercise Price (if any) or both will be changed in the manner required by the Listing Rules and, in any case, in a manner which will not result in any benefits being conferred on holders of Options which are not conferred on Shareholders.
- (o) The Company must give notice to each Holder of any adjustment to the number of Shares for which the Holder is entitled to subscribe for or to the Exercise Price (if any) pursuant to the provisions of paragraph (n).

Restrictions

- (p) A Holder must not without the prior written consent of the Company sell, transfer, mortgage, pledge, charge, grant security over or otherwise dispose of any Options, or agree to do any of those things.
- (q) An Offer may specify a restriction period for Shares issued on the exercise of Options during which such Shares may not be disposed of.

5. Conditions of exercise of Options

- 5.1 Subject to any Exercise Conditions or other Forfeiture Conditions, Options may be exercised at any time during the period commencing on the Issue Date and ending on the Expiry Date. The period commencing on the Issue Date and expiring on the later of the Vesting Date and the date when the last of any Exercise Conditions or other Forfeiture Conditions is satisfied or waived by the Company is the "Restricted Period."
- 5.2 If a takeover bid is made to acquire the whole or any part of the issued Shares, or a scheme of arrangement, selective reduction or other transaction is initiated which has an effect similar to a full takeover bid of the issued Shares (**Bid**), and the Bid is accepted by the holder of at least 50% of the Shares on issue, then each Holder will be able to exercise all or any part of his or her Options, notwithstanding that the applicable Restricted Period has not expired.

Schedule 2 - Performance Rights

1. Offer of Performance Rights

- 1.1 The Company may from time to time make Offers in writing to Eligible Participants inviting them to accept an offer of Performance Rights under the Plan.
- 1.2 No Offer may be made if to do so would contravene the Constitution, the Corporations Act, the Listing Rules or any other applicable law.
- 1.3 Each Offer must be in writing and must:
- (a) specify the name of the Eligible Participant to whom the Offer is made;
 - (b) specify the total number of Performance Rights (and the number of Shares to which the Performance Rights relate) being offered;
 - (c) specify such terms and conditions of the issue of the Performance Rights the subject of the Offer, as determined by the Board, including:
 - (i) the Expiry Date;
 - (ii) the Exercise Price (if any);
 - (iii) any Forfeiture Conditions;
 - (iv) the Vesting Conditions (if any);
 - (v) the Restricted Period;
 - (d) specify the time and date by which the Offer must be accepted;
 - (e) specify any other matters required to be specified in the Offer by the Corporations Act, the Listing Rules and/or applicable instruments issued by ASIC; and
 - (f) have attached an Application and copy of these Rules.
- 1.4 If the Company is admitted to the official list of ASX, the Offer must include an undertaking by the Company to provide to a Participant, within a reasonable period of being so requested, the current market price (as defined in the Listing Rules) of the Shares.
- 1.5 Performance Rights must be offered under the Plan for no more than Nominal Consideration unless the Board otherwise determines.

2. Acceptance of Offer of Performance Rights

- 2.1 Upon receipt of an Offer of Performance Rights, and Eligible Participant may, within the period specified in the Offer:
- (a) accept the whole or any lesser number of Performance Rights offered by submitting an Acceptance Form; or
 - (b) nominate a nominee in whose favour the Eligible Participant wishes to renounce the Offer.
- 2.2 Upon:
- (a) receipt of the completed Acceptance Form; or
 - (b) the Board resolving to allow the renunciation to a nominee for the Eligible Participant and the nominee accepting the whole or any lesser amount of Performance Rights offered by notice in writing to the Board,
- then the Eligible Participant, or the nominee, as the case may be, will be taken to have agreed to be bound by:
- (c) these Rules;
 - (d) the terms of the Offer; and
 - (e) the Constitution in respect of any Shares acquired on the exercise of Performance Rights.

3. Grant of Performance Rights

- 3.1 Upon acceptance of a duly signed and completed Acceptance Form, the Company may grant the Performance Rights applied for to the applicant (such person then being known as the **Holder**) on the terms determined by the Board under paragraph 1 of this Schedule.
- 3.2 The Company will issue a certificate or holding statement to each Holder in respect of Performance Rights granted to them.
- 3.3 The Offer will lapse if not accepted within the time required under the terms of the Offer.

4. Terms of Performance Rights

- 4.1 The terms of Performance Rights granted under the Plan shall be as determined by the Board from time to time in accordance with this paragraph 4. The Performance Rights will be subject to the terms and conditions of the Plan and in the event of any inconsistency between the terms in this Schedule and the provisions in the Plan, the Plan will prevail to the extent of the inconsistency. The Exercise Price (if any) of a Performance Right shall be the price determined by the Board in its absolute discretion prior to or on grant of the Performance Rights.
- 4.2 Subject to Rule 6, the Exercise Period of a Performance Right shall be the period between the Vesting Date and the Expiry Date.
- 4.3 The Board may in its absolute discretion impose Vesting Conditions or other Forfeiture Conditions in respect of a Performance Right on such terms as the Board considers appropriate. If a Performance Right is subject to Vesting Conditions or other Forfeiture Conditions then the Performance Right may only be exercised if the Vesting Conditions or other Forfeiture Conditions relating to it have been satisfied or waived by the Board in its absolute discretion. The Board shall notify the Holder of the satisfaction or waiver of any Vesting Conditions or other Forfeiture Conditions applicable to the Performance Rights held by the Holder.
- 4.4 Unless otherwise determined by the Board when it resolves to grant the Performance Right and subject to any Vesting Conditions or other Forfeiture Conditions applicable to the Performance Right, each Performance Right is granted on the terms set out in this paragraph 4.5 and the Rules and this Schedule generally.

Exercise of Performance Rights

- (a) Each Performance Right entitles the Holder to subscribe for one Share on exercise of the Performance Right.
- (b) Subject to paragraph (e), a Holder may not exercise Performance Rights before expiry of the Restricted Period.
- (c) Subject to paragraph (e), a Holder may only exercise Performance Rights during the Exercise Period and then only if any, Exercise Conditions, Vesting Conditions or other Forfeiture Conditions have been satisfied or waived by the Company.
- (d) On expiry of the Exercise Period a Performance Right not exercised shall automatically lapse.
- (e) Notwithstanding paragraph 4.3 and paragraph (c) the Board may, in its absolute discretion, determine that Performance Rights may be exercised:
- (i) during a Takeover Period;
 - (ii) at any time after a Change of Control Event has occurred;
 - (iii) at any time after the announcement of a proposed capital reconstruction referred to in paragraph (n);
 - (iv) following the occurrence and announcement by the Company of an event that in the opinion of the Board is likely to lead to the Company being removed from the official list of ASX;
 - (v) within 12 months, in the event of the death or Permanent Disablement of an Eligible Participant, in respect of Performance Rights held by that Eligible Participant or his or her nominee; or
 - (vi) within 12 months, in the event of the cessation of an Eligible Participant's employment with a Group Company as a result of the Eligible Participant's position becoming redundant.
- (f) If, in the reasonable opinion of the Board, an Eligible Participant acts fraudulently or dishonestly in any material respect or is in material breach of his or her obligations to any Group Company, then, notwithstanding any other provision in these Rules, the Board may deem any unexercised Performance Rights held by the Eligible Participant or his or her nominee to have lapsed.

Notice of exercise

- (g) Performance Rights may only be exercised by notice in writing to the Company which is signed by the Holder and delivered to the registered office of the Company. The notice must specify the number of Performance Rights being exercised and must be accompanied by:
- (i) the Exercise Price (if any) for the number of Performance Rights specified in the notice; and
 - (ii) the certificate or holding statement for those Performance Rights, for cancellation by the Company.
- The notice only becomes effective when the Company has received the full amount of the Exercise Price (if any) for the number of Performance Rights specified in the notice in cleared funds.

Issue of certificates

- (h) Subject to paragraphs (c) to (g) above, within 10 Business Days of the notice referred to in paragraph (g) above becoming effective, the Board must:
 - (i) acquire or allot and issue the number of Shares specified in the notice to the Holder;
 - (ii) cancel the certificate or holding statement for the Performance Rights being exercised; and
 - (iii) if applicable, issue a new certificate or holding statement for any remaining unexercised Performance Rights covered by the certificate or holding statement accompanying the notice.

Allotment of Shares

- (i) All Shares allotted upon the exercise of Performance Rights will be credited as fully paid and will be of the same class and rank equally in all respects with other Shares, and, in particular, entitle their holders to participate fully in:
 - (i) dividends declared by the Company after the date of allotment; and
 - (ii) all issues of securities offered to holders of Shares where entitlements to participate in those issues are determined by reference to a record date after the date of allotment of Shares allotted upon the exercise of Performance Rights.

Quotation on ASX

- (j) If existing Shares are officially quoted by ASX, the Company must apply for official quotation by ASX of all Shares allotted pursuant to the exercise of Performance Rights not later than 10 Business Days after the date of allotment.
- (k) The Company will not apply to have the Performance Rights granted under the Plan quoted on ASX or any other stock exchange.

New issues

- (l) Holders will only be permitted to participate in a pro rata issue of Shares to the holders of Shares on the prior exercise of Performance Rights. The Company must notify the Holder of the proposed issue at least 7 Business Days before the record date to determine entitlements to the pro rata issue.

Bonus issues

- (m) If from time to time prior to the expiry of any Performance Rights the Company makes an issue of any class of shares to the holders of Shares on a pro rata basis by way of capitalisation of profits or reserves (other than an issue in lieu of dividends) (a **Bonus Issue**) then upon exercise of a Performance Right, each Holder is entitled to have issued (in addition to the Shares which would otherwise be issued upon such exercise) the number of shares of the class which would have been issued to the Holder under the Bonus Issue (**Bonus Shares**) if on the date on which entitlements to participate in the Bonus Issue were calculated the Holder had been registered as the holder of the number of Shares of which the Holder would have been registered as holder if immediately prior to that date the Performance Right had been exercised and the Shares the subject of such exercise had been duly allotted and issued. The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the Bonus Issue and upon issue rank equally in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.

Reorganisation of capital

- (n) In the event of a reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Performance Rights to which each Holder is entitled or the Exercise Price (if any) or both will be changed in the manner required by the Listing Rules and, in any case, in a manner which will not result in any benefits being conferred on holders of Performance Rights which are not conferred on Shareholders.
- (o) The Company must give notice to each Holder of any adjustment to the number of Shares for which the Holder is entitled to subscribe for or to the Exercise Price (if any) pursuant to the provisions of paragraph (n).

Restrictions

- (p) A Holder must not without the prior written consent of the Company sell, transfer, mortgage, pledge, charge, grant security over or otherwise dispose of any Performance Rights.
- (q) An Offer may specify a restriction period for Shares issued on the exercise of Performance Rights during which those Shares cannot be disposed of.



METALS X LIMITED

ABN: 25 110 150 055

REGISTERED OFFICE:
LEVEL 3
18-32 PARLIAMENT PLACE
WEST PERTH WA 6872



SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535, APPECROSS WA 6953
AUSTRALIA
770 Canning Highway, APPECROSS WA 6153
AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code:

MLX

Holder Number:

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

**VOTE
ONLINE**

Lodge your proxy vote securely at www.securitytransfer.com.au

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

Online Proxy ID:

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 10.00am on Wednesday 26 November 2014 at QV1 Conference Centre (Function Room), Level 2, 250 St George's Terrace Perth WA and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

| RESOLUTIONS | FOR | AGAINST | ABSTAIN* | RESOLUTIONS | FOR | AGAINST | ABSTAIN* |
|---|--------------------------|--------------------------|--------------------------|---|--------------------------|--------------------------|--------------------------|
| 1. Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 5. Increase in Non-Executive Directors' Fees | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Election of Director – Andrew Charles Ferguson | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 6. Approval of issue of performance rights to Peter Cook (Chief Executive Officer and Executive Director) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Election of Director – Xie Penggen | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 7. Approval of issue of performance rights to Warren Hallam (Executive Director) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Consolidation of Capital | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 8. Long Term Incentive Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Resolutions connected with remuneration of Key Management Personnel

The Chair is authorised to exercise the proxy in relation to each of Resolutions 1, 5, 6, 7 and 8 even though each such resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company or if the Company is part of a consolidated entity for the entity. The Chair intends to vote any undirected proxies in favour of each of Resolutions 1, 5, 6, 7 and 8."

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director Secretary

Director/Company Secretary

Proxies must be received by Security Transfer Registrars Pty Ltd no later than 10.00am (WST) on Monday 24 November 2014.



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