

# Notice of Annual General Meeting

Metals X Limited ACN 110 150 055

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Date of Meeting: Wednesday, 28 November 2018

Time of Meeting: 9.00 am (Perth Time)

Place of Meeting: Liberty Conference Centre, Ground Floor, 197 St Georges  
Terrace, Perth WA 6000

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# Notice of Annual General Meeting

Notice is given that the Annual General Meeting of shareholders of **Metals X Limited ACN 110 150 055 (Metals X or Company)** will be held at 9.00 am (Perth time), on Wednesday, 28 November 2018 at the Liberty Conference Centre, Ground Floor, 197 St Georges Terrace Perth, Western Australia 6000.

## Agenda

### Ordinary Business

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#### Financial Reports

To receive and consider the Financial Statements, Directors' Report and Auditors' Report for Metals X and its controlled entities for the financial year ended 30 June 2018.

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

#### 1. Resolution 1 - Remuneration Report

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

"That, the Remuneration Report for the year ended 30 June 2018 (as disclosed in the 2018 Annual Report) is adopted."

*Voting Exclusion: Refer section 3.2 of the Explanatory Memorandum for details of the voting exclusions.*

#### 2. Resolution 2 - Re-election of Simon Heggen as director

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

"That Simon Heggen, a Director retiring from office by rotation, and in accordance with Rule 38.1(c) of the Company's Constitution and for the purposes of Listing Rule 14.4, and, being eligible, is re-elected as a Director of the Company."

#### 3. Resolution 3 - Election of Damien Marantelli as director

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

"That Damien Marantelli, a Director who was appointed on 3 September 2018, retires in accordance with Rule 36.2 of the Company's Constitution, Constitution and for the purposes of Listing Rule 14.4, and, being eligible, is elected as a Director of the Company."

#### 4. Resolution 4 - Ratification of the Issue of Shares under the Placement

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

"That, for the purposes of Listing Rule 7.4 and for all other purposes, the prior allotment and issue of 76,923,076 fully paid ordinary shares at an issue price of \$0.65 per share to the Placement Recipients, on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting, be approved and ratified."

*Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of the Placement Recipients or any Associate of such person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

# Notice of Annual General Meeting

## 5. Resolution 5 - Approval for Issue of Securities to Warren Hallam under the ESOP

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

“That, for the purposes of Listing Rule 10.14 and sections 200B and 200E of the Corporations Act and for all other purposes, approval is given for the Company to issue to Mr Hallam (or his nominees) 589,454 Employee Options in the Company pursuant to the ESOP on the terms and conditions set out in the Explanatory Memorandum.”

*Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of any director of the Company who is eligible to participate in the ESOP or any of their Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides. Refer section 7 of the Explanatory Memorandum for details of the voting exclusion.*

*Voting Exclusion: For the purposes of section 200E of the Corporations Act and any termination benefit granted under the ESOP, the Company will disregard any vote cast on the resolution by or on behalf of Mr Hallam or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the resolution, and it is not cast on behalf of Mr Hallam or an associate of his.*

## Other Business

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To consider any other business that may be brought before the Meeting in accordance with the Company's Constitution.

### Explanatory Memorandum

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Annual General Meeting.

### Snap Shot Time

Regulation 7.11.37 of the Corporations Regulations 2001 permits the Company to specify a time, not more than 48 hours before the Meeting, at which a “snap shot” of Shareholders will be taken for the purposes of determining Shareholders' entitlements to vote at the Meeting.

The Directors have determined that all Shares of the Company on the register as at 5.00pm (Perth time) on 26 November 2018 shall, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time.

### Proxies

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form for the Meeting provides further details on appointing proxies and lodging the Proxy Form. Proxies must be returned by 9.00am (Perth time) on 26 November 2018.

# Notice of Annual General Meeting

## Voting by Proxy

A Shareholder can direct its proxy to vote for, against or abstain from voting on each resolution by marking the appropriate box in the Voting Directions section of the proxy form. If a proxy holder votes, they must cast all votes as directed. Any directed proxies that are not voted will automatically default to the Chairman, who must vote the proxies as directed.

If the Chairman is to act as your proxy in relation to the meeting (whether by appointment or by default) and you have not given directions on how to vote by marking the appropriate box in the Voting Directions section of the proxy form, the Chairman intends to vote all valid undirected proxies in respect of each of the Resolutions in favour of the relevant resolution.

If you are in any doubt as to how to vote, you should consult your professional adviser.

## Corporate Representative

If a representative of a Shareholder corporation is to attend the Meeting, a "Corporate Representative Certificate" should be completed and produced prior to the meeting. Please contact the Company's Share Registry for a pro forma certificate if required.

By Order of the Board of Directors  
**Metals X Limited**



Fiona Van Maanen  
Company Secretary  
4 October 2018

# Explanatory Memorandum

## 1. Introduction

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This Explanatory Memorandum is provided to shareholders of **Metals X Limited ACN 110 150 055 (Metals X or Company)** to explain the Resolutions to be put to Shareholders at the Annual General Meeting to be held at the Liberty Conference Centre, Ground Floor, 197 St Georges Terrace Perth, Western Australia 6000 on Wednesday, 28 November 2018 commencing at 9.00 am (Perth time).

The Directors recommend shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Terms used in this Explanatory Memorandum are defined in section 8.

## 2. Consider the Company's 2018 Annual Report

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The Corporations Act requires the Financial Statements, Directors' Report and Auditor's Report of the Company for the year ended 30 June 2018 to be tabled at the Annual General Meeting.

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.

## 3. Resolution 1 – Approval of the Remuneration Report

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### 3.1 Background

The Annual Report for the year ended 30 June 2018 contains a Remuneration Report that sets out the details of the remuneration of all Directors and Executives during the financial year. In addition, it describes the Board's remuneration policy.

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 Board submits the Remuneration Report to Shareholders for their consideration and adoption by way of a non-binding resolution as required by the Corporations Act.

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 when reviewing the Company's Remuneration policies. Under the Corporations Act, 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 Directors (other than the Managing Director must go up for re-election).

### 3.2 Voting Restrictions

The Company will disregard any votes cast on Resolution 1 by a member of the Key Management or a Closely Related Party of such a member. However, these persons may cast a vote on Resolution 1 if:

- (a) the person does so as a proxy;
- (b) the vote is not cast on behalf of a member of the Key Management or a Closely Related Party of such a member; and  
either
  - (i) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution: or
  - (ii) the proxy is the chair of the meeting and the appointment of the chair as proxy:
    - (A) does not specify the way the proxy is to vote on the resolution; and
    - (B) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management.

Any undirected proxies held by the Chairman will be voted in favour of Resolution 1.

The Company encourages all Shareholders to cast their vote in relation to Resolution 1.

# Explanatory Memorandum

## 4. Resolution 2 – Re-election of Simon Heggen as a Director

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### 4.1 Background

In accordance with ASX Listing Rule 14.4 and Rule 38.1(c) of the Company's Constitution, at every Annual General Meeting, one third of the Directors (other than the Managing Director or any alternate Director or any newly appointed Directors retiring under clause 36.2) for the time being, or if their number is not a multiple of three, then such number as is as close to one third as possible and is appropriate to ensure that no Director holds office for more than three years, must retire from office and are eligible for re-election. The Directors to retire are to be those who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time and unless mutually agreed, by lot.

### 4.2 Re-election of Simon Heggen

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

Mr Heggen holds a Bachelor of Economics and a Bachelor of Laws Degrees from the Australian National University and has around 30 years proven experience in strategic planning, corporate development, M&A and corporate finance within the Resources sector. Mr Heggen is Chairman of the Company's Audit Committee and also serves on the Remuneration & Nomination Committee.

Mr Heggen has been a director of the Company since 25 October 2012.

### 4.3 Directors' recommendation

The Directors (other than Mr Heggen in the case of the Resolution applicable to his own re-election) recommend that shareholders vote in favour of Resolution 2.

## 5. Resolution 3 – Election of Damien Marantelli as a Director

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### 5.1 Background

In accordance with ASX Listing Rule 14.4 and Rule 36.2 of the Company's Constitution, the Directors may appoint any person to be a Director, either as an addition to the existing Directors or to fill a casual vacancy. However, any such appointment concludes at the next annual general meeting following the appointment. The Director is then eligible for election but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

### 5.2 Election of Damien Marantelli

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

Mr Marantelli has a Diploma of Mining Engineering from the Royal Melbourne Institute of Technology and extensive worldwide operational experience spanning almost 40 years in the industry. During the past 18 years, Mr Marantelli has had General Manager or Chief Operating Officer accountability for open pit and underground mines in Australia, Turkey, Spain, Zambia, Canada and Mexico. This includes exposure to bulk materials, base metals and precious metals as well as overall exploration and brownfields project management at those operations.

The Board appointed Mr Marantelli on 3 September 2018.

### 5.3 Directors' recommendation

The Directors (other than Mr Marantelli in the case of the Resolution applicable to his own re-election) recommend that shareholders vote in favour of Resolution 3.

# Explanatory Memorandum

## 6. Resolution 4 – Ratification of Issue of Placement Shares

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### 6.1 Background

On 1 August 2018 the Company announced that it had completed an institutional placement to raise approximately A\$50 million (**Placement**) by the issue of 76,923,076 fully paid ordinary shares at an issue price of \$0.65 per share (**Placement Shares**).

The issue of Placement Shares represented approximately 12.3% of the fully diluted shares the Company had on issue at the time of the announcement.

The Placement Shares have been issued to the Placement Recipients under the Company's existing 15% placement capacity prior to the date of the Meeting and as such, are not subject to Shareholder's prior approval under Listing Rule 7.1. Resolution 4 seeks Shareholder approval under Listing Rule 7.4 to ratify the issue of the Placement Shares. Shareholder ratification will enable the Company to issue Shares in the next 12 months under its 15% placement capacity without the need to seek prior shareholder approval.

### 6.2 ASX Listing Rules 7.1 and 7.4

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities on issue at the commencement of that 12 month period.

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

Ratification by the Shareholders of the Company is now sought pursuant to Listing Rule 7.4 in order to reinstate the Company's capacity to issue up to 15% of its issued capital, if required, in the next 12 months without Shareholder approval.

The effect of this Resolution 4 is that the Company, for the purposes of Listing Rule 7.1 will be able to refresh its 15% placement capacity with effect from the date of the Annual General Meeting.

### 6.3 Technical Information required by Listing Rule 7.5

Listing Rule 7.5 requires that the following information be provided to Shareholders in relation to the Shares the subject of Resolution 4:

- (a) the total number of Shares which have been issued, by the Company on or about 7 August 2018 is 76,923,076;
- (b) the issue price of each Share is \$0.65;
- (c) the Placement Shares have been issued on the same terms as, and will rank equally with, all fully paid ordinary shares in the Company on issue;
- (d) the Placement Shares have been allotted to the Placement Recipients, being sophisticated and professional investors;
- (e) no Placement Recipient is a related party of the Company;
- (f) the net funds raised from the issue of the Placement Shares will be utilised by the Company to provide funding for development of several of the Company's projects in both the gold and base metals divisions and to provide additional working capital; and
- (g) a voting exclusion statement is included in the Notice of Meeting.

### 6.4 Directors Recommendation

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

# Explanatory Memorandum

## 7. Resolution 5 – Issue of Employee Options to Director – Warren Hallam

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### 7.1 General

Resolution 5 seeks Shareholder approval in accordance with Listing Rule 10.14 and sections 200B and 200E of the Corporations Act for the grant of 589,454 Employee Options to Mr Hallam (or his nominees) under the ESOP.

The Board considers that this grant of Employee Options to the Company's executive director, Mr Hallam, would be a cost effective and efficient reward and incentivise Mr Hallam's continued performance.

In determining the remuneration package for Mr Hallam, including the proposed issue of Employee Options under the ESOP, the Board considered the role, the business challenges facing the Company and market practice for the remuneration of officers in positions of similar responsibility.

If Mr Hallam ceases employment as a result of an Uncontrollable Event (refer to Schedule 1, meaning employment ceases by reason of death, serious injury, disability or illness, forced early retirement, retrenchment, redundancy or such other circumstances which the board determines is an uncontrollable event), the Board has discretion to allow the early vesting of Employee Options which remain at that time subject to any vesting conditions or hurdles. The Board also has this discretion if Mr Hallam ceases employment as a result of a Controllable Event (being events other than Uncontrollable Events).

Refer to Schedule 1 for a summary of the key terms the ESOP and, to the extent applicable, a summary of the terms and conditions of the Employee Options.

The Chairman intends to exercise all available proxies in favour of Resolutions 5. If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though Resolution 5 is connected directly or indirectly with the remuneration of a Director.

### 7.2 Corporations Act

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 Hallam. The term benefit has a wide operation and includes the early vesting of the Employee Options under the rules of the ESOP. This approval is sought in case any vesting occurs in connection with any future retirement of Mr Hallam from office. Mr Hallam has not expressed any intention to retire from office in the foreseeable future.

It is proposed, therefore, that Resolution 5 will also approve, under section 200E of the Corporations Act, any 'termination benefit' that may be provided to Mr Hallam under the ESOP in relation to the Employee Options to be granted to them, in addition to any other termination benefits that may be provided to Mr Hallam as otherwise permitted under the Corporations Act. The termination benefit that may be given under the ESOP is the early vesting of the Employee Options if Mr Hallam cease employment with the Company due to death, serious injury, disability or illness, forced early retirement, retrenchment, redundancy or such other circumstances with the approval of the Board. The value of the 'benefit' cannot yet be determined as it will be dependent on the number of Employee Options that are subject to any early vest and the Company's share price at that time.

Pursuant to Chapter 2E of the Corporations Act, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and

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.

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Section 211 of the Corporations Act provides an exception for a benefit that comprises remuneration to an officer of a public company where such remuneration is reasonable in the circumstances of the company and that officer's particular circumstances (i.e. having regard to the responsibilities of or involved in such office). Accordingly, the Company considers that the exception in section 211 of the Corporations Act applies to the proposed issue of Employee Options to Mr Hallam.

### 7.3 Listing Rule 10.14

In accordance with Listing Rule 10.14, the Company must not permit a Director and any of his associates to acquire securities under an employee incentive scheme unless it obtains shareholder approval.

Pursuant to Listing Rule 7.2, exception 14, as shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required.

### 7.4 Specific information required by Listing Rule 10.15

Information is provided to Shareholders for the purposes of obtaining Shareholder approval as follows:

- (a) Mr Hallam is a related party of the Company by virtue of being a Director;
- (b) the maximum number of Employee Options to be issued to Mr Hallam is 589,454;
- (c) the Employee Options will be granted for nil cash consideration, accordingly no funds will be raised on issue;
- (d) The Employee Options will vest and become exercisable subject to prescribed service and performance conditions being met (described below in section 7.8);
- (e) Subject to the satisfaction of the service and performance conditions, Mr Hallam will become entitled to receive one ordinary Share in the Company for each Employee Option vested. Any Employee Options that does not vest will automatically lapse;
- (f) 12,400,000 options have been issued under the ESOP to date (which includes the following issues to Executive Directors:

Name	Number of options	Exercise Price	Grant Date	Vesting Date	Expiry Date
Warren Hallam	2,000,000	\$1.32	22/11/2017	22/11/2018	30/11/2020
Stephen Robinson <sup>1</sup>	1,200,000	\$1.32	22/11/2017	22/11/2018	30/11/2020
Warren Hallam	2,000,000	\$0.76	24/11/2016	20/01/2018	20/01/2020

Note 1: Mr Stephen Robinson stepped down as a Director on 3 September 2018, but remains with the Company as Executive General Manager – Projects and Planning.

- (g) the persons referred to in Listing Rule 10.14 who are entitled to participate in the plan are Executive Directors, being, as at the date of the Notice, Mr Warren Hallam. The Company has declared that Non-executive Directors are not eligible to participate in the ESOP;
- (h) a voting exclusion statement is included in the Notice;
- (i) no loans are being provided in respect of the issue of the Employee Options to Mr Hallam; and
- (j) the Company will grant the Employee Options to Mr Hallam no later than 12 months after the date of the Meeting or such longer period of time as ASX allows.

### 7.5 Valuation of Options

In determining the value of the Employee Options for illustrative purposes in this Explanatory Memorandum, the Company engaged independent consultants BDO Corporate Finance (WA) Pty Ltd (**BDO**). The value of the Employee Options were assessed by BDO by applying Monte-Carlo and Binomial employee share option pricing methodologies.

In determining the value of the Employee Options, the following assumptions have been made:

- (a) A share price of \$0.565 is used, based on the share price of the Company on 21 September 2018;
- (b) The exercise price of the Employee Options are nil;

## Explanatory Memorandum

- (c) Price volatility used is 50%, based on an estimated future volatility level of the Company's share trading on the ASX;
- (d) The risk free interest rates used were 2.08% and 2.13%, based on the 2 and 3 year Australian Government bond rates; and
- (e) The respective measurement periods for the two tranches are two years from 1 July 2018 to 30 June 2020 and three years from 1 July 2018 to 30 June 2021.

Based on these assumptions and using the respective employee share option pricing methodologies, the Company estimates that the Employee Options are valued:

Details	Vesting Period	Value of RTSR Employee Options each	Value of ROCE Employee Options each
Tranche 1	Two years	\$0.136	\$0.565
Tranche 2	Three years	\$0.152	\$0.565

On that basis, the value of the Employee Options proposed to be granted to Mr Hallam (or his nominee) is as follows:

Name	Value of Tranche 1 Employee Options	Value of Tranche 2 Employee Options	Total Value of Employee Options
Warren Hallam	\$103,302	\$105,660	<b>\$208,961</b>

### 7.6 Further Details relating to the Financial Benefit

Shareholders should note the further details as set out below relating to the financial benefit being provided to Mr Hallam:

- (a) Mr Hallam currently has 4,142,928 Metals X Shares (fully diluted, which includes 4,000,000 options issued under the Company's ESOP – refer to section 7.4(f));
- (b) if the Employee Options which are proposed to be issued pursuant to Resolution 5 vest, a total of 589,454 Shares would be issued. This will increase the number of Shares on issue (on a fully diluted basis) from 701,460,508 to 702,049,962 (assuming no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 0.08%;
- (c) under the accounting standard AASB 2 share based payments, the Company will recognise an expense in the income statement based on the fair value of the Employee Options over the period from the date of issue to the vesting date. The total of the fair value of the Employee Options issued is \$208,961 at the date of the Notice (refer to section 7.5 for valuation details);
- (d) the remuneration and emoluments from the Company to Mr Hallam for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Warren Hallam	\$1,004,276	\$1,139,694 <sup>1</sup>

Note 1: See 2018 Remuneration Report for further details on long term incentives issued in the previous financial year.

- (e) the trading history of the Shares on the ASX in the 12 months before the date of this Notice is as follows:
  - (1) at the time of preparing this Notice of Annual General Meeting, the closing price of the Company's shares on the ASX was \$0.565 on 3 October 2018; and
  - (2) the price of the Company's shares quoted on the ASX over the past 12 months has ranged from a high of \$1.227 on 12 January 2018 to a low of \$0.465 on 7 September 2018.
- (f) the primary purpose of the grant of the Employee Options to Mr Hallam is to motivate and reward the performance of Mr Hallam as a Director; and
- (g) Mr Hallam declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of Resolution 5 on the basis that Mr Hallam is to be granted Employee Options in the Company should Resolution 5 be passed.

# Explanatory Memorandum

## 7.7 Approval pursuant to Listing Rule 7.1 not required

Approval pursuant to Listing Rule 7.1 is not required for the grant of Employee Options under the Resolution 5 as approval is being obtained under Listing Rule 10.14. Accordingly, the grant of Related Parry Options to Mr Hallam (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

## 7.8 Performance Conditions for Employee Options

The number of Employee Options vesting will be subject to the Company's relative performance for each of the performance conditions. The maximum Employee Option entitlement will be treated as two equal tranches.

### Tranche 1 Employee Options:

- i. The service condition requires continuous employment for a two (2) year period from 1 July 2018 to 30 June 2020.
- ii. The performance conditions comprise the following:
  - a) Relative Total Shareholder Returns (50%); and
  - b) Return on Capital Employed (50%).each of which is calculated over the two year service period.

### Tranche 2 Employee Options:

- i. The service condition requires continuous employment for a three (3) year period from 1 July 2018 to 30 June 2021.
- ii. The performance conditions comprise the following:
  - a) Relative Total Shareholder Returns (50%); and
  - b) Return on Capital Employed (50%).each of which is calculated over the three year service period.

### Relative Total Shareholder Return Performance Condition

Total Shareholder Return (**TSR**) is the percentage growth in shareholder value, which takes into account factors such as changes in share price and dividends paid. The Relative TSR performance condition measures Metals X's ability to deliver superior shareholder returns relative to its peer companies by comparing the TSR performance of Metals X against the performance of the S&P/ASX Metals and Mining Index.

The Company will employ an independent organisation to calculate the TSR ranking, which will be assessed over the relevant service periods for Tranche 1 and Tranche 2 Employee Options.

The vesting schedule for the Relative TSR measure is as follows:

Relative TSR Performance	% Contribution to the Number of Employee Options to Vest
Below Index	0%
Equal to the Index	50%
Above Index and below 15% above the Index	Pro-rata from 50% to 100%
15% above the Index	100%

### Return on Capital Employed Performance Condition

Return on Capital Employed (**ROCE**) measures the efficiency with which management uses capital in seeking to increase shareholder value.

The Company will employ an independent organisation to calculate the ROCE, which will be assessed over the relevant service periods for Tranche 1 and Tranche 2 Employee Options.

The vesting schedule for the ROCE measure is as follows:

ROCE Performance	% Contribution to the Number of Employee Options to Vest
Less than or equal to the average annual weighted average cost of capital ( <b>WACC</b> )	0%
WACC (calculated as above) + 3%	50%
WACC (calculated as above) + between 3% and 6%	Pro-rata from 50% to 100%
WACC (calculated as above) + 6%	100%

# Explanatory Memorandum

## 8. Interpretation

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**ASIC** means the Australian Securities and Investments Commission;

**Associate** has the meaning given to that term in the Listing Rules.

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange;

**Board** means the board of directors of the Company;

**Closely Related Party** (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this definition;

**Company** means Metals X Limited;

**Constitution** means the constitution of the Company from time to time;

**Corporations Act** means the *Corporations Act 2001* (Cth) as amended, varied or replaced from time to time;

**Director** means a director of the Company;

**Employee Options** means 589,454 options to be issued to Mr Hallam under the ESOP, the subject of Resolution 5;

**ESOP** means the employee share option plan;

**Explanatory Memorandum** means this explanatory memorandum accompanying the Notice of Meeting;

**Key Management Personnel** has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

**Listing Rule** means the official listing rules of the ASX as amended from time to time;

**Meeting** or **Annual General Meeting** means the annual general meeting to be held on Wednesday, 28 November 2018;

**Notice of Meeting** or **Notice** means the notice of meeting giving notice to shareholders of the Meeting, accompanying this Explanatory Memorandum;

**Placement Recipients** means those persons who received Placement Shares pursuant to the Placement;

**Placement Shares** has the meaning given in section 6.1;

**Ordinary Resolution** means a resolution passed by more than 50% of the votes cast at a general meeting of shareholders;

**Resolution** means a resolution proposed at the Meeting;

**Share** means an ordinary fully paid share in the issued capital of the Company;

**Shareholder** means a holder of Shares in the Company.

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Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Fiona Van Maanen (**Company Secretary**):

Level 5, 197 St Georges Terrace  
PERTH WA 6000  
(08) 9220 5700

# Schedule

## Schedule 1 – Summary of Material Terms of Metals X’s Employee Share Option Plan

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The key terms of the ESOP are summarised below:

- (a) The ESOP is to extend to eligible persons or eligible associate (as the case may be) of Metals X or an associated body corporate of Metals X as the board of Metals X may in its discretion determine.
- (b) The total number of securities which may be offered by Metals X under the ESOP shall not at any time exceed 5% of Metals X’s total issued shares when aggregated with the number of securities issued or that may be issued as a result of offers made at any time during the previous 3 year period under:
  - (1) an employee incentive scheme covered by ASIC CO 14/1000; or
  - (2) an ASIC exempt arrangement of a similar kind to an employee incentive scheme.
- (c) The shares are to be issued at a price determined by the Metals X board.
- (d) The options are to be issued for no consideration and may be issued subject to such Performance Hurdle (if any) as determined by the Metals X board at its sole discretion.
- (e) The exercise price of an option is to be determined by the Metals X board at its sole discretion.
- (f) The option commencement date will be any such date or dates with respect to the options or tranches of options (as the case may be) as may be determined by the Metals X board prior to the issuance of the relevant options.
- (g) The option period commences on the option commencement date and ends on the earlier of:
  - (1) the expiration of such period nominated by the Metals X board at its sole discretion at the time of the grant of the option but being not less than two years;
  - (2) if an eligible person’s employment or engagement with Metals X or an associated body corporate ceases because of an Uncontrollable Event, the earlier of:
    - (A) the expiry of the option period; or
    - (B) six months (or such other period as the Metals X board shall, in its absolute discretion, determine) from the date on which the eligible person ceased that employment or engagement;
  - (3) if an eligible person’s employment or engagement with Metals X or an associated body corporate ceases because of a Controllable Event, the earlier of:
    - (A) the expiry of the option period; or
    - (B) three months (or such other period as the Metals X board shall, in its absolute discretion, determine) from the date on which the eligible person ceased that employment or engagement; or
  - (4) the Metals X board determining in its absolute discretion that the eligible person ceasing to be employed or engaged by Metals X or an associated body corporate of Metals X due to fraud, dishonesty or being in material breach of their obligations to Metals X or an associated body corporate.
- (h) If an eligible person’s employment or engagement with the Company ceases because of an Uncontrollable Event, the Metals X Board in its absolute discretion may determine to reduce, vary or waive any Performance Hurdle that has not been satisfied as at the date of the Uncontrollable Event so that the options subject to the Performance Hurdle may be exercised and, unless so determined by the Metals X Board in its absolute discretion, if an eligible person’s employment or engagement with the Company ceases because of a Controllable Event, options the subject of any unsatisfied Performance Hurdle shall lapse as at the date of the Controllable Event.
- (i) Eligibility to participate is determined by the Metals X board. Eligibility is restricted to eligible persons (or their eligible associates where applicable) of Metals X or an associated body corporate of Metals X. The Metals X board is entitled to determine:
  - (1) subject to paragraph (b) above, the total number of shares and options to be offered in any one year to eligible persons or eligible associates;

# Schedule

- (2) the eligible persons to whom offers will be made; and
  - (3) the terms and conditions of any shares and options granted, subject to the ESOP.
- (j) In respect of options, option holders do not participate in dividends or in bonus issues unless the options are exercised.
  - (k) Option holders do not have any right to participate in new issues of securities in Metals X made to shareholders generally. Metals X will, where required pursuant to the ASX Listing Rules, provide option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the options, in accordance with the requirements of the ASX Listing Rules.
  - (l) In the event of a pro rata issue (except a bonus issue) made by Metals X during the term of the options, Metals X may adjust the exercise price for the options in accordance with the formula in clause 17 of the ESOP.
  - (m) The Metals X board has the right to vary the entitlements of participants to take account of the effect of capital reorganisations, bonus issues or rights issues.
  - (n) If at any time the capital of the Company is reorganised (including consolidation, sub-division, reduction or return), all rights of a participant are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
  - (o) The terms of the options shall only be changed if holders (whose votes are not to be disregarded) of shares in Metals X approve of such a change. However, the terms of the options shall not be changed to reduce the exercise price, increase the number of options or change any period for exercise of the options, unless so permitted by the ASX.
  - (p) The Metals X board may impose as a condition of any offer of shares and options under the ESOP, any restrictions on the transfer or encumbrance of such shares and options as it determines.
  - (q) The Metals X board may vary the ESOP.
  - (r) The ESOP is separate to and does not in any way form part of, vary or otherwise affect the rights and obligations of an eligible person under the terms of his or her employment or arrangement.
  - (s) At any time from the date of an offer until the acceptance date of that offer, the board undertakes that it shall provide information as to:
    - (1) the current market price of the shares; and
    - (2) the acquisition price of the shares or options offered where this is calculated by reference to a formula, as at the date of the offer,to any participant within 3 Business Days of a written request to Metals X from that participant to do so.
  - (t) Any offer made pursuant to this ESOP will specify whether subdivision 83A-C of the applicable Tax Laws applies to that offer such that any tax payable by a participant under the offer will be deferred to the applicable deferred taxing point described in that subdivision.

In this ESOP:

**Controllable Event** means cessation of employment or engagement other than by an Uncontrollable Event.

**Performance Hurdle** means criterion, condition or other requirement that must be satisfied.

**Uncontrollable Event** means:

- (a) death, serious injury, disability or illness which renders the Eligible Person incapable of continuing their employment or engagement (or providing the services the subject of the engagement) with the Company or Associated Body Corporate;
- (b) forced early retirement, retrenchment or redundancy; or
- (c) such other circumstances which results in an Eligible Person leaving the employment of or ceasing their engagement with the Company or Associated Body Corporate and which the Board determines is an Uncontrollable Event.

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MLX  
 MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Lodge your vote:**

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 Victoria 3001 Australia

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 (outside Australia) +61 3 9473 2555

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**For all enquiries call:**  
 (within Australia) 1300 850 505  
 (outside Australia) +61 3 9415 4000



**Proxy Form**

**XX**



**Vote and view the annual report online**

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- Follow the instructions on the secure website to vote.



**Your access information that you will need to vote:**

**Control Number: 999999**

**SRN/HIN: I9999999999 PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 9:00am (Perth Time) Monday, 26 November 2018**

**How to Vote on Items of Business**

All your securities will be voted in accordance with your directions.

**Appointment of Proxy**

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

**Signing Instructions for Postal Forms**

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

**Attending the Meeting**

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
 or turn over to complete the form** ➔

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Metals X Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman 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, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Metals X Limited to be held at the Liberty Conference Centre, Ground Floor, 197 St Georges Terrace, Perth, Western Australia on Wednesday, 28 November 2018 at 9:00am (Perth Time) and at any adjournment or postponement of that Meeting.

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

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

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

		For	Against	Abstain
Resolution 1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Simon Heggen as director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Damien Marantelli as director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of the Issue of Shares under the Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval for Issue of Securities to Warren Hallam under the ESOP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /

MLX

999999A

Computershare +