

Notice of Annual General Meeting

Metals X Limited ACN 110 150 055

Date of Meeting: Thursday, 24 October 2019

Time of Meeting: 10.30 am (Perth Time)

Place of Meeting: The Stirling Room, Parmelia Hilton Perth
14 Mill Street, Perth WA 6000

The Directors recommend that you:

- Vote FOR Resolutions 1 to 5; and
- Vote AGAINST Resolution 6.

Notice of Annual General Meeting

Dear Shareholder

Annual General Meeting

On behalf of the Board, I invite you to attend the annual general meeting (**Meeting**) of Metals X Limited (ASX:MLX) (**Company**). The Meeting will be held at 10.30am Perth time on Thursday 24 October 2019 in The Stirling Room, Parmelia Hilton Perth, 14 Mill Street, Perth WA 6000.

The Meeting will consider the Company's most recent financial statements and remuneration report. In addition, Mr Yimin Zhang will be seeking re-election to the board as the nominee director of Jinchuan Group Limited. The Directors also invite you to consider and, if thought fit, refresh the approval of the Company's Employee Share and Option Plan and also vote on the issue of incentive Employee Options to the Managing Director. The Directors also invite you to consider the ratification of the Placement Shares announced to ASX on 19 September 2019. The Directors recommend that you vote in favour of these resolutions.

On 2 September 2019, the Company received a notice of requisition of meeting under section 249D of the Corporations Act (**Requisition Notice**) from one Shareholder (**Requisitioning Shareholder**) who then held approximately 8.8% of the Company's Shares and as at the date of this Notice of Meeting has disclosed it has 10.5%.

The Requisitioning Shareholder proposed resolutions to remove two of the Directors, and to appoint one new director (**Proposed Director**). One of the Directors whose removal was sought by the Requisitioning Shareholder has resigned and the other, Mr Peter Newton will resign at the Meeting. The remaining resolution sought by the Requisition Notice will be put to shareholders at the Meeting, being the appointment of the Requisitioning Shareholder's Proposed Director, Mr Brett Smith as set out in Resolution 6 of the Notice of Meeting.

The Company considers that the Requisition Notice is unnecessarily disruptive to the Company at a time when the Company is seeking to take advantage of the strategic and operational foundations it has developed over the past year and build on the important plans for the Company's assets, including at Nifty and Renison. It is critical that there is a collaborative and effective leadership team in place with an appropriate skillset to implement and deliver upon the Company's strategy.

The executive team of the Company is well credentialed and stable and they remain focused on the delivery of the plans for the Company's key assets as outlined to the ASX, including in the Company's recent capital raising announcement of 19 September 2019. The Company has also announced that it is undertaking a board refresh process to complement the Board composition following the Meeting, being Mr Damien Marantelli (Managing Director), Mr Simon Heggen (Non-Executive Director) and Mr Yimin Zhang (Non-Executive Director), subject to the outcome of the Meeting.

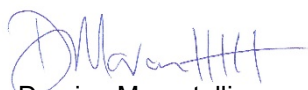
The Board considers Mr Brett Smith, the Proposed Director, to be closely associated with the Requisitioning Shareholder. Having carefully considered the Proposed Director's credentials and in the context of the Board review process which at the date of this Notice of Meeting remains underway, the Board does not recommend the appointment of the Proposed Director pursuant to Resolution 6.

On behalf of the Board, I encourage you to consider all meeting materials carefully and participate in this decision by attending in person or lodging the proxy form attached to the notice of Meeting.

The Directors unanimously recommend that you vote **FOR** Resolutions 1 to 5 and vote **AGAINST** Resolution 6.

The Company looks forward to maintaining a focus on building value for shareholders through the advancement of our operations.

Yours faithfully,



Damien Marantelli
Managing Director

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 10.30 am (Perth time), on Thursday, 24 October 2019 in the Stirling Room, Parmelia Hilton Perth, 14 Mill Street, Perth WA 6000

Agenda

Ordinary Business

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 2019.

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

1. Resolution 1 - Remuneration Report

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

"That, the Remuneration Report for the year ended 30 June 2019 (as disclosed in the 2019 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 Yimin Zhang as director

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

"That Yimin Zhang, 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 - Approval of Employee Share and Option Plan

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

"That, the Employee Share and Option Plan (**ESOP**), which is summarised in the attached Explanatory Memorandum, be approved and that for the purposes of Listing Rule 7.2 (Exception 9) and for all other purposes, the issue of securities under the ESOP within three (3) years from the date of this resolution be an exception to Listing Rules 7.1 and 7.1A."

Voting Exclusion: The Company will disregard any votes cast on Resolution 3 by any Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of such a Director.

4. Resolution 4 - Approval for Issue of Securities to Damien Marantelli under the ESOP

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 Marantelli (or his nominees) 1,923,403 Employee Options in the Company pursuant to the ESOP on the terms and conditions set out in the Explanatory Memorandum."

Notice of Annual General Meeting

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 4 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 6 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 Marantelli 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 Marantelli or an associate of his.

5. Resolution 5 - Ratification of the Issue of Shares under the Placement

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 103,359,076 fully paid ordinary shares at an issue price of \$0.15 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 5 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.

6. Resolution 6 - Appointment of Director - Mr Brett Smith

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

"That, Mr Brett Smith, having consented to act as a director of the Company, be appointed as a director of the Company effective immediately on the passing of this resolution."

Your Board is not proposing Resolution 6. The Company is required to put Resolution 6 to Shareholders due to the request made by the Requisitioning Shareholder.

Your Board recommends Shareholders vote AGAINST this Resolution 6 and each Director will be voting all Shares that he or she holds or controls AGAINST this Resolution 6.

Other Business

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 22 October 2019 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.

Notice of Annual General Meeting

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 10.30am (Perth time) on 22 October 2019.

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
20 September 2019

Explanatory Memorandum

1. Introduction

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 in The Stirling Room, Parmelia Hilton Perth, 14 Mill Street, Perth, Western Australia 6000 on Thursday, 24 October 2019 commencing at 10.30 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.

Unless otherwise defined, the Terms used in this Explanatory Memorandum are defined in section 9.

2. Consider the Company's 2019 Annual Report

The Corporations Act requires the Financial Statements, Directors' Report and Auditor's Report of the Company for the year ended 30 June 2019 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

3.1 Background

The Annual Report for the year ended 30 June 2019 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 Yimin Zhang as a Director

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 of the Company's Constitution) 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 Yimin Zhang

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

Mr Zhang is the Chief Representative for Jinchuan Australia and is also an Executive Director of Sino Nickel Pty Limited. Mr Zhang has worked for Jinchuan since 1981 and has been posted to several overseas positions to which he has been involved in numerous Jinchuan co-operative ventures. Mr Zhang holds a Diploma from the Metallurgical and Architectural Institute of Chang Chun.

Mr Zhang has been a director of the Company since 9 January 2017.

4.3 Directors' recommendation

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

Any undirected proxies held by the Chairman will be voted in favour of Resolution 2.

5. Resolution 3 - Approval of Employee Share Option Plan

5.1 Introduction

The Metals X employee share and option plan (**ESOP**) pursuant to which issued capital of the Company may be made available to directors, senior management and staff as a form of longer term equity incentive has operated since November 2016.

If Resolution 3 is passed, the ESOP will enable the Company to continue to issue options to employees and officers of the Company (**Employee Options**) and to issue Shares to those employees and officers if they choose to exercise their Employee Options, with those issues being an exception to Listing Rule 7.1. In the case of a director, no Employee Options may be issued to the director without express shareholder approval of the numbers and terms of the Employee Options.

5.2 ASX Listing Rule 7.1

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.

An exception to Listing Rule 7.1 is set out in Listing Rule 7.2 (Exception 9) which provides that Listing Rule 7.1 does not apply to an issue under an employee incentive scheme if, within the three years before the date of issue, shareholders have approved this issue as an exception to Listing Rule 7.1.

Shareholder approval is sought to adopt the ESOP in accordance with Listing Rule 7.2 (Exception 9) and to enable the Company to subsequently grant Employee Options under the plan without having to obtain shareholder approval each time the company wishes to issue securities which exceed the 15% limit contained in Listing Rule 7.1 and do not otherwise fall within one of the nominated Listing Rule exemptions.

The maximum number of Employee Options that can be issued under the ESOP (and any other equity incentive plan of the Company) is not to be in excess of 5% of the total number of shares on issue.

5.3 Material terms of the ESOP

A summary of the ESOP is set out in Schedule 1 to this Notice of Meeting. A copy of the full terms of the ESOP may be obtained upon request to the Company Secretary.

Explanatory Memorandum

5.4 Specific Information required by Listing Rule 7.2

- (a) The material terms of the ESOP are summarised in Schedule 1;
- (b) This is the second approval sought under Listing Rule 7.2 (Exception 9) with respect to the ESOP, having been initially approved at the annual general meeting held in November 2016;
- (c) 34,299,813 securities have previously been issued under the ESOP to the date of this Notice of Annual General Meeting and 29,173,202 remain on issue. Resolution 4 seeks approval to issue securities to Mr Damien Marantelli under the ESOP; and
- (d) A voting exclusion statement is included in the Notice of Meeting.

5.5 Directors recommendation

The Directors recommend that shareholders vote in favour of this Resolution 3 because it considers the issue of securities under the ESOP constitutes an effective incentive to eligible participants to improve the performance of the Company. Additionally, the Company believes it to be in the best interests of the Company to preserve the maximum commercial flexibility to issue securities that is afforded to it by Listing Rule 7.1.

Any undirected proxies held by the Chairman will be voted in favour of Resolution 3.

6. Resolution 4 – Issue of Employee Options to Director – Damien Marantelli

6.1 General

Resolution 4 seeks Shareholder approval in accordance with Listing Rule 10.14 and sections 200B and 200E of the Corporations Act for the grant of 1,923,403 Employee Options to Mr Marantelli (or his nominees) under the ESOP.

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

In determining and continuing to assess the remuneration package for Mr Marantelli, including this 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 Marantelli 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 Marantelli 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 Resolution 4. 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 4 is connected directly or indirectly with the remuneration of a Director.

6.2 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 Marantelli. 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 Marantelli from office. Mr Marantelli has not expressed any intention to retire from office in the foreseeable future.

It is proposed, therefore, that Resolution 4 will also approve, under section 200E of the Corporations Act, any 'termination benefit' that may be provided to Mr Marantelli under the ESOP in relation to the Employee Options to be granted to them, in addition to any other

Explanatory Memorandum

termination benefits that may be provided to Mr Marantelli 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 Marantelli were to 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:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

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 Marantelli.

6.3 Listing Rule 10.14 and Listing Rule 7.1

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.

Accordingly, if approved, the grant of Employee Options to Mr Marantelli (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

6.4 Specific information required by Listing Rule 10.15

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

- (a) Mr Marantelli 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 Marantelli is 1,923,403;
- (c) the Employee Options will be granted for nil cash consideration, and will have a nil exercise price, accordingly no funds will be raised on issue of the Employee Options or on their subsequent exercise;
- (d) the Employee Options will vest and become exercisable subject to prescribed service and performance conditions being met (described below in section 6.7);
- (e) subject to the satisfaction of the service and performance conditions, Mr Marantelli will become entitled to receive one ordinary Share in the Company for each Employee Option vested. Any Employee Options that do not vest will automatically lapse;
- (f) 34,299,813 options have been issued under the ESOP to date (which includes the following issues to current Executive Directors):

Name	Number of options	Exercise Price	Grant Date	Vesting Date	Expiry Date
Damien Marantelli	1,000,000	\$0.54	25/01/2019	22/01/2020	22/01/2022
Damien Marantelli	1,000,000	\$0.56	25/01/2019	22/01/2021	22/01/2023
Damien Marantelli	1,000,000	\$0.58	25/01/2019	22/01/2022	22/01/2024

- (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 Damien Marantelli. The Company has declared that Non-executive Directors are not eligible to participate in the ESOP;

Explanatory Memorandum

- (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 Marantelli; and
- (j) the Company will grant the Employee Options to Mr Marantelli no later than 12 months after the date of the Meeting or such longer period of time as ASX allows.

6.5 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 \$0.15 is used, based on the share price of the Company on 3 September 2019;
- (b) the exercise price of the Employee Options are nil;
- (c) price volatility used is 65%, based on an estimated future volatility level of the Company's share trading on the ASX;
- (d) the risk free interest rate used is 0.70%, based on the 3 year Australian Government bond rate; and
- (e) the measurement period is three years from 1 July 2019 to 30 June 2022.

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

Value of RTSR Employee Options each	Value of ROCE Employee Options each
\$0.09	\$0.06

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

Name	Total Value of Employee Options
Damien Marantelli	\$145,217

6.6 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 Marantelli:

- (a) Mr Marantelli currently has 3,000,000 options issued under the Company's ESOP – refer to section 6.4(f);
- (b) if the Employee Options which are proposed to be issued pursuant to Resolution 4 vest, a total of 1,923,403 Shares would be issued. This will increase the number of Shares on issue (on a fully diluted basis) from 718,233,710 to 720,157,113 (assuming the number of Shares on issue as at the date of this Notice of Meeting and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 0.03%;
- (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 \$145,217 at the date of the Notice (refer to section 6.5 for valuation details);

Explanatory Memorandum

- (d) the remuneration and emoluments from the Company to Mr Marantelli 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
Damien Marantelli	\$944,707	\$597,809 ¹

Note 1: See 2019 Remuneration Report for further details on long term incentives issued in the previous financial year. 1. DM Marantelli was appointed as a Non-executive Director on 3 September 2018 and was subsequently employed as an Executive Director on 12 November 2018.

- (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 \$0.19 on 18 September 2019; and
 - (2) the price of the Company's shares quoted on the ASX over the past 12 months has ranged from a high of \$0.615 on 21 September 2018 to a low of \$0.14 on 3 September 2019.
- (f) the primary purpose of the grant of the Employee Options to Mr Marantelli is to motivate and reward the performance of Mr Marantelli as a Director; and
- (g) Mr Marantelli declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of Resolution 4 on the basis that Mr Marantelli is to be granted Employee Options in the Company should Resolution 4 be passed.

6.7 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.

- (a) The service condition requires continuous employment for a three (3) year period from 1 July 2018 to 30 June 2021.
- (b) The performance conditions comprise the following:
 - (1) Relative Total Shareholder Returns (50%); and
 - (2) 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 period.

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 period.

Explanatory Memorandum

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 (WACC)	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%

6.8 Directors Recommendation

Other than Mr Marantelli who declines to make a recommendation, the Directors recommend that Shareholders vote in favour of Resolution 4.

Any undirected proxies held by the Chairman will be voted in favour of Resolution 4.

7. Resolution 5 – Ratification of Issue of Placement Shares

7.1 Background

On 19 September 2019 the Company announced that, in conjunction with an accelerated entitlement offer to all Shareholders (to raise up to approximately A\$17.2 million), it will complete an institutional placement to raise approximately A\$15.5 million (**Placement**) by the issue of 103,359,076 fully paid ordinary shares at an issue price of \$0.15 per share (**Placement Shares**).

The issue of Placement Shares is scheduled to occur on 26 September 2019 and represents approximately 15% of the fully diluted shares the Company had on issue at the time of the announcement of the Placement.

The Placement Shares will be 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 5 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.

7.2 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 5 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.

7.3 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 5:

- the total number of Shares which will be issued, by the Company on or about 26 September 2019 is 103,359,076;
- the issue price of each Share is \$0.15;
- the Placement Shares will be issued on the same terms as, and will rank equally with, all fully paid ordinary shares in the Company on issue;
- the Placement Shares will be allotted to the Placement Recipients, being sophisticated and professional investors;
- no Placement Recipient is a related party of the Company;

Explanatory Memorandum

- (f) the net funds raised from the issue of the Placement Shares will be utilised by the Company to provide funding for workstreams required to execute the Company's Nifty Reset Plan, regional exploration activities at Nifty in the Paterson Province and for general working capital; and
- (g) a voting exclusion statement is included in the Notice of Meeting.

7.4 Directors Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 5. Any undirected proxies held by the Chairman will be voted in favour of Resolution 5.

8. Resolution 6 - Appointment pursuant to Requisition Notice

8.1 Background

On 2 September 2019, the Company received a notice of requisition of meeting under section 249D of the Corporations Act (**Requisition Notice**) from one Shareholder (**Requisitioning Shareholder**) who then held approximately 8.8% of the Company's Shares and as at the date of this Notice of Meeting has disclosed it has 10.5%.

The Requisition Notice requested that the Company call a general meeting of Shareholders to consider three (3) resolutions. Prior to the issue of the Requisition Notice, on 30 August 2019, the Requisitioning Shareholder also issued to the Company a notice of intention to move resolutions for the appointment and removal of directors pursuant to section 249N of the Corporations Act (**First Notice**). The Directors considered the First Notice was displaced in full by the subsequent issuance of the Requisition Notice on 2 September by the Requisitioning Shareholder.

The Requisitioning Shareholder proposed resolutions to remove two of the Directors, and to appoint one new director (**Proposed Director**). One of the Directors whose removal was sought by the Requisitioning Shareholder has resigned and the other, Mr Peter Newton will resign at the Meeting. The remaining proposed resolution sought by the Requisition Notice, is for the appointment of the Proposed Director, Mr Brett Smith, which is being put to Shareholders, as requested by the Requisitioning Shareholder, pursuant to Resolution 6.

The Requisitioning Shareholder has raised various concerns about the performance of Nifty as an underlying reason for having issued the Requisition Notice. The Board being fully cognisant of the performance issues at Nifty implemented a full review of Nifty, as set out in the Nifty Reset Plan (**Reset Plan**) announcement of 1 May 2019.

That announcement set out a detailed roadmap to turn around the operational performance of Nifty. The Reset Plan followed a comprehensive evaluation of the operation by the revamped executive team, with the objective of delivering a long-term, profitable mining operation. Since announcement of the Nifty Reset Plan, the primary focus has been to accelerate development outside of the Central Zone of the orebody and to lift development rates as the operational focus moves away from the difficult ground conditions that were present within the Central Zone.

The Board, together with its executive team, has undertaken a thorough and careful analysis of the Nifty operations and the progress of the Nifty Reset Plan since it was announced. Updates on progress have been provided to the ASX and Shareholders, including in announcements of 28 August 2019 ("2019 Nifty Resource and Reserve Update"), 4 September 2019 ("Nifty Copper Operations Update"), 13 September 2019 ("Investor Presentation") and on 19 September 2019 regarding the Company's capital raising.

The Board considers the Requisition Notice an unwarranted and unnecessary diversion of the Company's operational focus and does not consider that the appointment of the Proposed Director pursuant to Resolution 6 is in the best interests of all Shareholders.

8.2 Details of the Proposed Director and Requisitioning Shareholder Statement

The Proposed Director, Mr Brett Smith, is currently an executive director of the Requisitioning Shareholder, APAC. The Proposed Director is Mr Brett Smith who graduated from Melbourne University, Australia with a Bachelor's Degree in Chemical Engineering with Honors. He has also obtained a Master's Degree in Business Administration from Henley Management College, the United Kingdom and a Master's Degree in Research Methodology from Macquarie University, Australia. Mr. Smith's biography provides that he has participated in the development of a number of mining and mineral processing projects including coal, iron ore, base and precious metals. He has also managed engineering and construction companies in Australia and internationally. Mr. Smith has served on the board of private mining and exploration

Explanatory Memorandum

companies and has over 32 years international experience in the engineering, construction and mineral processing businesses. Mr. Smith is Executive Director and Deputy Chairman of Hong Kong listed company APAC Resources Limited and a Non-Executive Director of ASX listed companies Prodigy Gold NL and Tanami Gold NL. The Proposed Director has provided his consent to act as a director of the Company.

Section 249P of the Corporations Act permits the shareholders who have requisitioned a meeting to submit a statement for circulating to shareholders regarding the resolution and any other matter that may be properly considered at the meeting. As of the date of this Notice, the Requisitioning Shareholder has submitted a statement for inclusion in this Notice of Meeting, a copy of which is included in Schedule 2.

8.3 Recommendation of Directors

The Directors do not support the appointment of the Proposed Director and recommend you vote **AGAINST** Resolution 6 for the following reasons:

- (a) as announced to the ASX on 2 September 2019, the Board is undertaking a process to renew the Board by identifying appropriate new board members, in light of the pending resignation of Mr Peter Newton at the Meeting and the recent resignation of Mr Milan Jerkovic. The Board has considered a matrix of skills that it believes should be available around the Board table. The Board does acknowledge that additional specific skills are needed given its expected composition at the conclusion of the Meeting;
- (b) the Board considers Mr Brett Smith, the Proposed Director, to be closely associated with the Requisitioning Shareholder (given he is an executive director of APAC). Having considered the Proposed Director's credentials and in the context of the Board review process which at the date of this Notice of Meeting remains underway, the Board does not consider the appointment of the Proposed Director pursuant to Resolution 6 is in the interests of all Shareholders. On the contrary, the Board considers that Mr Smith is a candidate being put forward principally in the interests of the Requisitioning Shareholder without having the skills that the Board considers are required at this time to be appointed to the Board;
- (c) Mr Brett Smith's candidature has been referred to the consultants undertaking the board member search process on behalf of the Company's Board. That process is not complete, and given the preliminary assessment of Mr Smith's credentials as part of that process, the Board does not recommend Shareholders vote in favour of Resolution 6; and
- (d) the Requisitioning Shareholder, APAC, previously had a nominee on the Board of the Company, including during the period of acquisition of Nifty in 2015 and part of 2016. The Directors have carefully considered APAC's request and the Proposed Director and do not consider the appointment of Mr Smith is warranted or in the best interests of all Shareholders.

The Chairman of the Meeting intends to vote all available undirected proxies **against** Resolution 6.

9. Interpretation

APAC means APAC Resources Strategic Holdings Ltd.

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;

Explanatory Memorandum

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 employee options issued under the ESOP, and in the case of this Meeting, 1,923,403 options to be issued to Mr Marantelli under the ESOP, the subject of Resolution 4;

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 Thursday, 24 October 2019;

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 7.1;

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;

Requisitioning Shareholder means the registered holder of Shares held on behalf of APAC Resources Strategic Holdings Ltd.

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

Shareholder means a holder of Shares in the Company.

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

Schedules

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

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;

Schedules

- (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.

Schedules

Schedule 2 – Members Statement of Requisitioning Shareholder

10 September 2019

The Directors and Company Secretary
Metals X Limited
Level 5, 197 St Georges Terrace
Perth WA 6000

REQUEST FOR DISTRIBUTION OF STATEMENT TO MEMBERS PURSUANT TO SECTION 249P OF THE CORPORATIONS ACT 2001 (CTH)

Reference is made to the notices given by the undersigned on 30 August 2019 under sections 203D(2), 249N and 249P of the *Corporations Act 2001* (Cth) (**Act**) and on 2 September 2019 under section 249D of the Act (**Notices**).

The undersigned is a member of Metals X Limited (ACN 110 150 055) (**Company**) holding at least 5% of the votes that may be cast on the resolutions referred to in the Notices.

Pursuant to section 249P(1) of the Act, the undersigned hereby requests that the Company gives to all of its members a copy of the **attached** statement in support of those of the resolutions referred to in the Notices that are proposed to be moved at the next general meeting of the Company.

Executed for and on behalf of **Sun Hung Kai**)
Investment Services Limited a company)
incorporated in Hong Kong by its authorised)
representatives in accordance with the laws of)
its jurisdiction of incorporation as nominee for)
APAC Resources Strategic Holdings Ltd)



Signature of authorised person

YEUNG Kin Sing

Name of authorised person



Signature of authorised person

Kevin TAI Yiu Kuen

Name of authorised person

MEMBER'S STATEMENT PURSUANT TO SECTION 249P CORPORATIONS ACT 2001

APAC Resources Strategic Holdings Ltd (**APAC**), through its nominee Sun Hung Kai Investment Services Limited, as at 28 August 2019 holds 8.8% of the shares in Metals X Limited (**MLX**). APAC has been a shareholder of MLX since 2007.

The MLX share price has deteriorated significantly since it acquired Aditya Birla Minerals Limited (**ABY**) in 2016, which owns the Nifty Copper Mine (**Nifty**). APAC believes there remains tremendous value in MLX, primarily the Renison Tin Mine, but a fresh independent board is required to review the Nifty business case.

On 30 August 2019 and 2 September 2019, APAC gave notices to MLX requesting the directors of MLX to call a general meeting of MLX to remove Mr Peter Newton, Chairman of MLX, and Mr Milan Jerkovic, Non-Executive Director of MLX, from their position as directors of MLX and to appoint Mr Brett Smith as a director of MLX (**Notices**).

Following receipt of the Notices, but prior to notifying MLX shareholders about APAC's Notices, MLX announced on 2 September 2019 that Mr Jerkovic had resigned as a director of MLX and that Mr Newton intends to step down from the MLX board at the Annual General Meeting of MLX.

Despite Mr Jerkovic's resignation, APAC maintains its request for a general meeting of MLX to be called and the resolutions regarding Mr Newton's removal (unless he resigns prior to the next general meeting) and Mr Smith's appointment to be passed (**Resolutions**).

APAC encourages all MLX shareholders to vote 'FOR' the Resolutions. Further information supporting the Resolutions (including Mr Smith's curriculum vitae) can be found on APAC's website at www.apacresources.com/en_US/MLX.html

1. DESTRUCTION OF SHAREHOLDER VALUE

In APAC's view, there has been significant destruction of shareholder value:

- The share price is down 76% since 29 November 2016, which is the day after Westgold Resources (**WGX**) was spun out and the best like-to-like comparison.
- The share price performance of MLX (-76%) has been extremely poor against other base metal producers listed on the ASX, including OZ Minerals +10%, Sandfire Resources -7%, Finders Resources +36% and Avanco Resources +129% over the same period.¹
- Whilst owning Nifty, the MLX market cap has declined from a peak of A\$740m to A\$96m as at 2 September 2019 despite the A\$50m placement in July 2018. Effective on 23 September 2019, MLX will cease to be included in the S&P/ASX 300 Index.
- This share price underperformance comes despite stronger commodity prices. Comparing average prices against the spot price on the Nifty effective date of 1 August 2016, copper prices have averaged 28% higher (A\$8,214/t vs A\$6,437/t) and tin prices have averaged 14% higher (A\$26,865/t vs A\$23,622/t).
- After the MLX and WGX demerger, MLX reported cash, working capital and investments of A\$127m as at December 2016. This has fallen to A\$58m at June 2019 despite Renison mine cashflow and the A\$50m placement.
- The recently announced new A\$35m debt facility implies expectations for further cash outflow.

2. A\$143M SPENT TO HALVE PRODUCTION AT NIFTY IN THREE YEARS

Nifty has consistently underperformed targets set by MLX.

- Target copper production rates have been progressively pushed back and MLX has not come close to meeting their Nifty targets.¹

- Since acquiring Nifty, MLX has reported total mine outflows of A\$94m. This is on top of the net acquisition price of A\$49m paid by MLX for ABY, leading to a total cost of A\$143m on Nifty to date.²
- MLX have owned Nifty for three years, which in APAC's view is more than enough time to turn around operations. Over this time, Nifty production has gone backwards at an alarming rate, falling 59% from 7,571t in JunQ 2016 (ABY's last full period of ownership) to 3,072t in JunQ 2019. Cash operating costs have increased 31% from A\$2.96/lb to A\$3.88/lb, despite a significantly lower Australian Dollar.
- It is extremely concerning that Nifty cashflows continue to deteriorate, progressively increasing from a A\$10m outflow in JunQ 2018 to A\$17m in JunQ 2019 and averaging A\$14m outflow per quarter over the past five quarters.¹

3. NEW LEADERSHIP REQUIRED FOR BENEFIT OF ALL SHAREHOLDERS

APAC is a major shareholder of MLX and it is appropriate for APAC to nominate a Non-Executive Director to the MLX board.

Mr Smith will bring the required expertise and skills to the MLX board to assess the Nifty business case and develop the appropriate strategy. Mr Smith has a track record of successfully turning around mining companies such as Prodigy Gold NL and Dragon Mining Ltd.

Subject to the resolutions being passed, APAC will support the appointment of one additional independent director as soon as a suitable candidate can be identified.

At this stage, and subject to an independent review, APAC is not proposing changes to management but believes that a thorough and independent review of Nifty is urgently required to assess future direction.

4. MR BRETT SMITH

- Mr Smith has over 30 years' experience in natural resources, including precious and base metals, coal and iron ore.
- Mr Smith has previously held senior management positions at multinational engineering and construction companies including Ausenco. He is the Executive Director of Dragon Mining since January 2014. Mr Smith led the financial turnaround at Dragon Mining, from A\$23m loss in 2013 and returning it to profitability, while completing the development of two new mines and a Hong Kong listing.
- Mr Smith is currently Executive Director of APAC Resources Limited and Non-Executive Director of Tanami Gold NL and Prodigy Gold NL, where he contributed to its turnaround as a successful gold explorer.


¹ Substantiating charts are available on the APAC website at www.apacresources.com/en_US/MLX.html.

² Based on MLX share price at 4 August 2016 and last reported ABY cash balance of A\$92m at 30 June 2016.



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

Need assistance?

 **Phone:**
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

 **Online:**
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:30am (Perth time) Tuesday, 22 October 2019**

Proxy Form

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

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Use your computer or smartphone to appoint your proxy and vote at www.investorvote.com.au or scan your personalised QR code below using your smartphone.

Your secure access information is



Control Number: 999999
SRN/HIN: I999999999
PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



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

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

XX

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 Stirling Room, Parmelia Hilton Perth, 14 Mill Street, Perth, Western Australia on Thursday, 24 October 2019 at 10:30am (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 Resolutions 1, 3 and 4 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 3 and 4 are 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 Resolutions 1, 3 and 4 by marking the appropriate box in step 2.

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 Yimin Zhang as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval of Employee Share and Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval for Issue of Securities to Damien Marantelli under the ESOP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Ratification of the Issue of Shares under the Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Appointment of Director - Mr Brett Smith	<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 with the exception of Resolution 6 where the Chairman of the Meeting intends to vote against. 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.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 Securityholder 2 Securityholder 3 / /
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

Update your communication details (Optional)

Mobile Number Email Address By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

