



Speciality Metals International Limited

Notice of General Meeting & Explanatory Statement

Speciality Metals International Limited ACN 115 009 106

To be held at: Thomson Geer
Level 39, Rialto South Tower
525 Collins Street
Melbourne, VIC 3000

To be held on: Monday, 17 June 2019

Commencing: 10:00am (Melbourne time)

Important Information

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

Important dates

Despatch of this Notice of Meeting	Friday, 17 May 2019
Deadline for lodgement of proxy forms for the General Meeting	Saturday, 15 June 2019
General Meeting	Monday, 17 June 2019
Expected date for completion under the Mt Carbine Quarries Pty Ltd Share Sale Agreement	Friday, 28 June 2019

*Dates are indicative only and subject to change. The occurrence of milestones after the General Meeting are conditional on the passing of the Resolutions at the General Meeting.

Letter from the Chairman

Dear Shareholders,

General meeting

A General Meeting of Speciality Metals International Limited (**SEI** or the **Company**) will be held at 10:00am (Melbourne time) on Monday, 17 June 2019 at Thomson Geer, Level 39, Rialto South Tower 525 Collins Street Melbourne, VIC 3000 (**General Meeting**). This is an important meeting and I strongly encourage you to attend either in person or by proxy.

Background to the Resolutions

On Tuesday, 14 May 2019, the Company announced:

- (a) that it had executed contracts to:
 - (i) acquire 100% of the issued share capital in Mt Carbine Quarries Pty Ltd (**MCQ**) under the Mt Carbine Pty Ltd Share Sale Agreement (**Acquisition**);
 - (ii) complete the joint venture arrangement with Cronimet Asia Pte Ltd UEN 201217827C (**Cronimet**) (**Joint Venture**);
- (b) that it had received commitments for a two-tranche placement to sophisticated and professional investors to raise in aggregate a total of approximately \$4,378,166 (before costs) through the issue of approximately 243,231,463 Shares at an issue price of \$0.018 per Share (together, the **Placements**); and
- (c) its intention to undertake an underwritten 1 for 5 non-renounceable entitlement offer at an issue price of \$0.018 per Share (**Entitlement Offer**) to raise approximately \$2,873,188 through the issue of approximately 159,621,576 Shares.

The Entitlement Offer and the Placements comprise the capital raising aspect of the broader Mt Carbine transaction (**Mt Carbine Transaction**) detailed in the ASX announcements dated Tuesday, 14 May 2019, 28 February 2019 and the ASX announcement dated 24 December 2018.

The Placements were detailed in the ASX announcements dated Tuesday, 14 May 2019 as completing in two tranches, namely:

- (a) **Tranche 1:** By issuing 83,231,463 Shares (**Tranche 1 Placement Shares**), to raise approximately \$1,498,166 (before costs) (**Tranche 1 Placement**). The Tranche 1 Placement Shares were issued on or about Thursday, 16 May 2019 pursuant to the Company's Listing Rule 7.1 placement capacity.
- (b) **Tranche 2:** Following Shareholder approval, the Company anticipates it will complete the second tranche of the Placement on 25 June 2019 by issuing 160,000,000 Shares (**Tranche 2 Placement Shares**), to raise approximately \$2,880,000 (before costs) (**Tranche 2 Placement**).

Resolution 1 seeks Shareholder approval for the ratification of the issue of the Tranche 1 Placement Shares pursuant to the Tranche 1 Placement.

Resolution 2 seeks Shareholder approval for the issue of the Tranche 2 Placement Shares pursuant to the Tranche 2 Placement.

It is proposed that the Entitlement Offer will be formally announced following completion of the Acquisition.

Proceeds of the Offer

The proceeds of Tranche 1 Placement and Tranche 2 Placement, namely \$4,378,166 will be used to complete the Acquisition and acquire 100% of the issued share capital in MCQ as well as general working capital requirements.

The proceeds of the Entitlement Offer will also be used for general working capital requirements.

Business at the General Meeting

Resolution 1 seeks Shareholder approval for the ratification of the issue of the Tranche 1 Placement Shares pursuant to the Tranche 1 Placement.

Resolution 2 seeks Shareholder approval for the issue of the Tranche 2 Placement Shares pursuant to the Tranche 2 Placement.

Resolution 3 seeks Shareholder approval by way of a Special Resolution to enable the Company to repeal its current Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares, updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules. In the main, the Proposed Constitution incorporates amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted in 2006. In particular, it:

- (a) incorporates amendments that contain proportional takeover approval provisions that allows Shareholders to vote on whether a proportional takeover be approved;
- (b) updates references to bodies or legislation which have been renamed (e.g. references to the ASTC Settlement Rules); and
- (c) expressly provides for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

These approvals are being sought in accordance with this Notice of Meeting with full details contained in the Explanatory Statement.

Capital structure

The following table details the projected capital structure of the Company after completion of the Tranche 2 Placement and the Entitlement Offer:

Current capital structure	
Current issued capital of the Company (this includes the Tranche 1 Placement Shares issued on or about Thursday, 16 May 2019)	638,107,881 Shares
Tranche 2 Placement Shares issued under the Tranche 2 Placement	
Issue of Placement 2 Shares to sophisticated and professional investors (following Shareholder approval)	160,000,000 Shares
Shares issued under the Entitlement Offer	
Issue of Shares to Shareholders (assuming all Shares under the Entitlement Offer are taken up)	159,621,576 Shares
Projected issued Share capital after completion of the Tranche 2 Placement and the Entitlement Offer	957,729,457 Shares

Voting

Your vote is important and we encourage you to vote at the General Meeting either in person or by proxy. If you are unsure as to how to vote, we recommend that you speak with your professional adviser.

Questions

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Mr Adrien Wing on (03) 9614 0600 (within Australia) and +61 3 9614 0600 (outside Australia), or consult your licensed financial adviser, stockbroker or other professional adviser.

If you have any questions in regards to your holding in Shares or other Share registry matters, please consult Computershare on 1300 850 505 (from within Australia) and +61 3 9415 4000 (from outside Australia). We look forward to the participation of all Shareholders at the General Meeting on 17 June 2019.

Yours faithfully

Chairman
Speciality Metals International Limited

Section A – Glossary

\$	Australian dollars
Acquisition	The acquisition of 100% of the issued share capital in MCQ.
ASIC	The Australian Securities & Investments Commission.
Associate	Has the meaning given to that term in section 12 of the Corporations Act.
ASX	The Australian Securities Exchange operation by ASX Limited.
ASX Listing Rules	The Listing Rules of the ASX.
Board	The board of directors of the Company.
Business Day	Monday to Friday inclusive, except any day that the ASX declares is not a business day.
Company or Speciality Metals International Limited	Speciality Metals International Limited ACN 115 009 106.
Chairman	The chair of the General Meeting.
Corporations Act	The <i>Corporations Act 2001</i> (Cth) for the time being in force together with the <i>Corporations Regulations 2001</i> (Cth).
Constitution	The current constitution of the Company.
Directors	The directors of the Company.
Entitlement Offer	The fully underwritten entitlement offer consisting of a 1 for 5 pro rata offer of Shares offered to eligible Shareholders under an Offer Booklet.
Explanatory Statement	The information set out in Section C of this Notice of Meeting.
General Meeting	The meeting of Shareholders convened by the Notice of Meeting.
Glossary	The glossary contained in this Section A to this Notice of Meeting.
Joint Venture	The joint venture arrangement between the Company and Cronimet Asia Pte Ltd UEN 201217827C.
MCQ or Mt Carbine Quarries Pty Ltd	Mt Carbine Quarries Pty Ltd ACN 065 645 650.
Mt Carbine Quarries Pty Ltd Share Sale Agreement	The Mt Carbine Quarries Pty Ltd Share Sale Agreement entered into between the Company and Geoffrey Nicholson on Tuesday, 14 May 2019.
Mt Carbine Transaction	Has the meaning provided in the Chairman's Letter.
Notice of General Meeting	The notice of General Meeting set out in Section B of this Notice of Meeting.
Notice of Meeting	This notice of meeting including the Notice of General Meeting, Explanatory Statement and the Schedules, the Appendices and the Proxy Form.
Offer Booklet	The booklet containing the Entitlement Offer under s708AA of the Corporations Act and the lodged with the ASX.

Official List	The official list of the ASX.
Placements	Has the meaning given to that term in paragraph 1.1 of the Explanatory Statement.
Proposed Constitution	The proposed new constitution the subject of Resolution 3.
Proxy Form	The proxy form accompanying the Notice of Meeting.
Resolutions	The resolutions set out in the Notice of Meeting, or any one of them, as the context requires.
Section	A section of this Notice of Meeting.
Shares	All of the shares on issue in the share capital of the Company and Share means any one of them.
Shareholder	A holder of one or more Shares.
Special Resolution	Means a resolution: <ul style="list-style-type: none"> • of which notice as set out in section 249L(1)(c) of the Corporations Act has been given; and • that has been passed by at least 75% of the votes cast by Shareholders entitled to vote on the resolution.
Speciality Metals International Limited or Company	Speciality Metals International Limited ACN 115 009 106.
Tranche 1 Placement	Has the meaning given to that term in paragraph 1.2 of the Explanatory Statement.
Tranche 1 Placement Shares	Has the meaning given to that term in paragraph 1.2 of the Explanatory Statement.
Tranche 2 Placement	Has the meaning given to that term in paragraph 1.3 of the Explanatory Statement.
Tranche 2 Placement Shares	Has the meaning given to that term in paragraph 1.3 of the Explanatory Statement.

Section B – Notice of General Meeting

Time and place

Notice is hereby given that the General Meeting will be held as follows:

- Held at: Thomson Geer, Level 39, Rialto South Tower 525 Collins Street Melbourne, VIC 3000.
- Commencing at: 10:00am (AEST) on Monday, 17 June 2019.

Explanatory Statement

The Explanatory Statement which accompanies and forms part of this Notice of General Meeting describes the matters to be considered at the General Meeting.

Defined terms

Terms used in this Notice of General Meeting have the meaning given to them in the Glossary in **Section A** of this Notice of Meeting in which this Notice of General Meeting is contained.

SPECIAL BUSINESS

1. Resolution 1: Ratification of Tranche 1 Placement Shares

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

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 83,231,463 Tranche 1 Placement Shares issued under Listing Rule 7.1 at an issue price of \$0.018 on the terms and conditions set out in the Explanatory Statement."

Short explanation

On or about 16 May 2019, the Company issued the Tranche 1 Placement Shares to sophisticated and professional investors at an issue price of \$0.018 per the Tranche 1 Placement Share.

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

The Tranche 1 Placement Shares were issued within the 15% Placement Capacity. Approval under ASX Listing Rule 7.4 is being sought to ratify the issue of the Tranche 1 Placement and re-set the 15% Placement Capacity.

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by any person who participated in the issue of these Tranche 1 Placement Shares and any of their associates.

However, the Company need not disregard a vote cast in favour if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. Resolution 2: Authority to issue Tranche 2 Placement Shares

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

"That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 160,000,000 Tranche 2 Placement Shares on the terms and conditions set out in the Explanatory Statement."

Short explanation

The Company will (subject to Shareholder approval) issue the Tranche 2 Placement Shares to sophisticated and professional investors at an issue price of \$0.018 per Tranche 2 Placement Share.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities (which includes shares) during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period (**15% Placement Capacity**). Approval under ASX Listing Rule 7.1 is being sought as the number of Tranche 2 Placement Shares exceeds the Placement Capacity.

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by a person who may participate in the issue of the Tranche 2 Placement Shares, and a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any associates of those persons.

However, the Company will not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3. Resolution 3: Replacement of Constitution

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

"That for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its current Constitution and adopt a new constitution in its place in the form as tabled at the General Meeting and signed by the Chairman for the purposes of identification."

Short explanation

This Resolution is required under section 136(2) of the Corporations Act to approve the repeal and replacement of a company's constitution. The proposed amendments to the Constitution are described in the Explanatory Statement accompanying this Notice of Meeting.

OTHER BUSINESS

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

Section B – How to vote

If you are entitled to vote at the General Meeting, you may vote by attending the meeting in person or by attorney, proxy or, in the case of corporate shareholders, corporate representative.

1. How to vote

You may vote in one of two ways:

- attending the meeting and voting in person (if a corporate shareholder, by representative); or
- voting by proxy (see below on how to vote by proxy).

2. Your vote is important

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

3. Corporations

To vote at the General Meeting, a Shareholder that is a corporation must appoint an individual to act as its representative. The appointment must comply with section 250D of the Act. The representative should bring to the General Meeting evidence of his or her appointment, including any authority under which it is signed.

Alternatively, a corporation may appoint a proxy.

4. Voting in person

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

5. Voting by proxy

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

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

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

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

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed. Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

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

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

Transfer of non-chair proxy to chair in certain circumstances

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

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

6. Eligibility to vote

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the General Meeting are those that are registered Shareholders at 7:00pm (Melbourne time) on Saturday, 15 June 2019. If you are not the registered holder of a relevant Share at that time you will not be entitled to vote in respect of that Share.

7. Voting procedure

Every question arising at this General Meeting will be decided in the first instance by a show of hands. A poll may be demanded in accordance with the Constitution. On a show of hands, every Shareholder entitled to vote who is present in person or by proxy, representative or attorney, will have one vote. Upon a poll, every person entitled to vote who is present in person or by proxy, representative or attorney will have one vote for each voting share held by that person.

8. Enquiries

For all enquiries, please contact the Company Secretary, Adrien Wing on (03) 9614 0600 (within Australia) and +61 3 9614 0600 (outside Australia).

Section C – Explanatory Statement

This Explanatory Statement forms part of the Notice of General Meeting convening the General Meeting of Shareholders of the Company to be held at Thomson Geer, Level 39, Rialto South Tower 525 Collins Street Melbourne, VIC 3000, commencing at 10:00am (Melbourne time) on Monday, 17 June 2019.

This Explanatory Statement is to be read in conjunction with the Notice of General Meeting.

Purpose

The purpose of this Explanatory Statement is to provide information which the Directors believe is material to Shareholders in deciding whether or not to pass the Resolutions to be put forward in the General Meeting.

The Directors recommend Shareholders read the Notice of General Meeting and this Explanatory Statement in full before making any decisions relating to the Resolutions contained in the Notice of General Meeting.

Defined terms

Terms used in this Explanatory Statement have the meaning given to them in the Glossary in **Section A** of this Notice of Meeting in which this Explanatory Statement is contained.

Further information

If you have any queries in respect to any of the matters set out in this booklet, please contact the Company Secretary, Mr Adrien Wing on (03) 9614 0600 (within Australia) and +61 3 9614 0600 (outside Australia).

GENERAL INFORMATION

1. Background to the Resolutions

1.1 General

On Tuesday, 14 May 2019, the Company announced:

- (a) that it had executed contracts to:
 - (i) acquire 100% of the issued share capital in Mt Carbine Quarries Pty Ltd (**MCQ**) under the Mt Carbine Pty Ltd Share Sale Agreement (**Acquisition**);
 - (ii) complete the joint venture arrangement with Cronimet Asia Pte Ltd UEN 201217827C (**Cronimet**) (**Joint Venture**);
- (b) that it had received commitments for a two-tranche placement to sophisticated and professional investors to raise in aggregate a total of approximately \$4,378,166 (before costs) through the issue of approximately 243,241,463 Shares at an issue price of \$0.018 per Share (together, the **Placements**); and
- (c) its intention to undertake an underwritten non-renounceable entitlement offer at an issue price of \$0.018 per Share (**Entitlement Offer**) to raise approximately \$2,873,188 through the issue of approximately 159,621,576 Shares.

The Entitlement Offer and the Placements comprise the capital raising aspect of the broader Mt Carbine Transaction detailed in that ASX announcements dated Tuesday, 14 May 2019, 28 February 2019 and the ASX announcement dated 24 December 2018.

The funds raised from the Placements will be used as follows:

Use of funds	A(\$)
To part fund the Acquisition and acquire 100% of the issued share capital in MCQ.	\$3,878,166
General working capital requirements (including costs of the Entitlement Offer)	\$500,000
Total	\$4,378,166
<p>Notes:</p> <p>This table is a statement of the Board's current intention as at the date of this Notice. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.</p>	

In the event that Shareholders approve Resolution 1 but do not approve Resolution 2, the Company will issue as much of the Tranche 2 Placement Shares as it can under the re-set 15% Placement Capacity.

In the event Shareholders approve Resolution 2 but do not approve Resolution 1, the Company will issue the Tranche 2 Placement Shares and will endeavour to re-set the 15% Placement Capacity at the 2019 annual general meeting.

In the event Shareholders do not approve Resolution 1 or Resolution 2, the Company anticipates that the Mt Carbine Transaction will not proceed.

Rymill Global Venture Ltd is acting as lead manager to the Placements (**Lead Manager**). In consideration for these services, the Company will pay the Lead Manager \$262,690.00.

1.2 Tranche 1 Placement

The Company completed the first tranche of the Placement on or about Thursday, 16 May 2019 by issuing 83,231,463 Shares (**Tranche 1 Placement Shares**), to raise approximately \$1,498,166 (before costs) (**Tranche 1 Placement**).

The Tranche 1 Placement Shares were issued pursuant to the Company's Listing Rule 7.1. Resolutions 1 seeks Shareholder approval for the ratification of the issue of the Tranche 1 Shares pursuant to the Tranche 1 Placement.

1.3 Tranche 2 Placement

Resolution 2 seeks Shareholder approval for the issue of 160,000,000 Shares (**Tranche 2 Placement Shares**), to raise approximately \$2,880,000 (before costs) (**Tranche 2 Placement**).

2 Resolution 1 – Ratification of Tranche 1 Placement Shares

2.1 General

On or about Thursday, 16 May 2019, the Company announced that it had completed the first tranche of the Placement by issuing the Tranche 1 Placement Shares to raise approximately \$1,498,166 (before costs).

The funds raised from the issue of the Tranche 1 Placement Shares will be used for the purposes set out in paragraph 1.1.

The Tranche 1 Placement Shares were issued within the Company's 15% annual limit permitted under Listing Rule 7.1 without the need for Shareholder approval.

2.2 ASX Listing Rule 7.1

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of shareholders, 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 fully paid ordinary securities on issue at the commencement of that 12 month period.

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

2.3 Purpose of Resolution 1

Resolution 1 seeks Shareholder approval for the ratification of the issue of the Tranche 1 Placement Shares pursuant to Listing Rule 7.4. The effect of Shareholders passing Resolution 1 will be to restore the Company's ability to issue securities within the 15% placement capacity under Listing Rule 7.1 during the next 12 months without obtaining prior Shareholder approval.

Resolution 1 is an ordinary resolution.

2.4 Technical information required by ASX Listing Rule 7.5

For the purposes of Listing Rule 7.5, information regarding the issue of the Tranche 1 Placement Shares is provided as follows:

Maximum number of securities	83,231,463 Shares were issued by the Company under the Tranche 1 Placement on or about Thursday, 16 May 2019 pursuant to Listing Rule 7.1.
The issue price	The issue price was \$0.018 per Tranche 1 Placement Share, being \$1,498,166 in total before costs.
The names of the persons to whom the Company will issue the securities	The Tranche 1 Placement Shares were issued to clients of the Lead Manager and sophisticated and professional investors none of whom are related parties or associates of related parties of the Company.
The terms of the securities	The Tranche 1 Placement Shares comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
The intended use of the funds raised	The funds raised from the issue of the Tranche 1 Placement Shares will be used for the purposes set out in paragraph 1.1.
Voting exclusion statement	A voting exclusion statement is contained in Resolution 1.

2.5 Recommendation and voting requirements

The Directors recommend that Shareholders approve Resolution 1.

Resolution 1 of the General Meeting is an ordinary resolution and so requires the approval of more than 50% of the votes cast by Shareholders.

A voting exclusion statement is contained after the Resolution. Votes cast by Shareholders contrary to the voting exclusion statement will be disregarded.

The Chairman of the General Meeting intends to vote all available undirected proxies in favour of Resolution 1.

3 Resolution 2 – Authority to issue Tranche 2 Placement Shares

3.1 General

Pursuant to the Tranche 2 Placement, and subject to Shareholder approval, the Company intends to issue the Tranche 2 Placement Shares to raise approximately \$2,880,000 (before costs).

The funds raised from the issue of the Tranche 2 Placement Shares will be used for the purposes set out in paragraph 1.1.

Resolution 2 is an ordinary resolution.

3.2 ASX Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in paragraph 2.2.

3.3 Purpose of Resolution 2

The effect of Resolution 2 will be to allow the Directors to issue the Tranche 2 Placement Shares in the period of 3 months after the Meeting (or such longer period of time as ASX may in its discretion allow), without using the Company's 15% annual placement capacity.

3.4 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, information regarding the issue of the Tranche 2 Placement Shares is provided as follows:

Maximum number of securities	The maximum number of securities that the Company may issue under the Tranche 2 Placement is 160,000,000 Tranche 2 Placement Shares.
When will the Tranche 2 Placement Share be issued	The Tranche 2 Placement Shares will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules). It is expected that the Tranche 2 Placement Shares will be issued on one date as soon as reasonably practical after the Meeting.
The issue price	The Tranche 2 Placement Shares will be issued at an issue price of \$0.018 per Share to raise approximately \$2,880,000 in total (before costs).
The names of the persons to whom the Company will issue the securities	The Tranche 2 Placement Shares will be issued to clients of the Lead Manager and sophisticated and professional investors none of whom are related parties or associates of related parties of the Company.
The terms of the securities	The Tranche 2 Placement Shares will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company
The intended use of the funds raised	The funds raised from the issue of the Tranche 2 Placement Shares will be used for the purposes set out in paragraph 1.1.
Voting exclusion statement	A voting exclusion statement is contained in Resolution 2.

3.5 Recommendation and voting requirements

The Directors recommend that Shareholders approve Resolution 2.

Resolution 2 of the General Meeting is an ordinary resolutions and so requires the approval of more than 50% of the votes cast by Shareholders.

A voting exclusion statement is contained after the Resolution. Votes cast by Shareholders contrary to the voting exclusion statement will be disregarded.

The Chairman of the General Meeting intends to vote all available undirected proxies in favour of Resolution 2.

4 Resolution 3 – Replacement of Constitution

4.1 General

The Company is currently governed by its current Constitution which has been in effect since the Company was listed on the ASX as 'Icon Resources Limited' in 2006.

Under section 136(2) of the Corporations Act, it is proposed that the current Constitution of the Company be replaced with the Proposed Constitution by Special Resolution of Shareholders.

The Proposed Constitution will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted in 2006. In particular, it will incorporate the changes detailed in paragraph 4.3 below.

Given the current Constitution has been in effect since 2006, the Directors believe that it is preferable in the circumstances to replace the current Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

4.2 Obtaining a copy of the Proposed Constitution

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website at <http://www.specialitymetalsintl.com.au/corpgov> and will also be available for inspection at the office of the Company during normal business hours prior to the General Meeting and available for inspection at the General Meeting.

A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary ((03) 9614 0600 (within Australia) and +61 3 9614 0600 (outside Australia)), Shareholders are invited to contact the Company if they have any queries or concerns.

4.3 Summary of key differences

A summary of the key differences between the current Constitution and the Proposed Constitution are set out below.

Dividends (clause 26)

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not a pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and

- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The current Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

Proportional takeover provision (clause 33)

It is proposed that a new proportional takeover provision be included in the Proposed Constitution of the Company to enable the Company to refuse to register shares acquired under a proportional takeover bid unless shareholders approve the bid.

A proportional takeover offer is a takeover offer where the offer made to each shareholder is only for a proportion of that shareholder's shares, and not for the shareholder's entire shareholding.

The Corporations Act requires that the following information be provided to shareholders when they are considering the inclusion or renewal of a proportional takeover provision in the Constitution. The following information comprises the statement required under section 648G(5) of the Corporations Act.

Effect of the provision

If a takeover offer is made under a proportional takeover bid for a class of the Company's securities, the Directors must ensure that a resolution to approve the takeover bid (**Approving Resolution**) is voted by the shareholders of the class of shares being bid, not less than 14 days before the last day of the bid period (**Resolution Deadline**).

The only persons entitled to vote on the Approving Resolution are those persons who, as at the end of the day on which the first offer under the takeover bid was made, held shares included in the bid class in respect of which the offer was made.

The bidder under the takeover bid and its associates are not entitled to vote on the Approving Resolution.

Each person entitled to vote has one vote for each share in the relevant class held by the person at that time. The vote on the Approving Resolution is decided on a simple majority. The Approving Resolution will be taken to have been passed if more than 50% of votes are cast in favour of the Approving Resolution, otherwise it is taken to have been rejected.

The Directors will breach the Corporations Act if they fail to ensure the Approving Resolution is voted on. However, if the Approving Resolution is not voted on as at the end of the day before the Resolution Deadline, the Approving Resolution is taken to have been passed.

If the Approving Resolution is passed (or taken to have been passed) by shareholders, the transfers resulting from the bid must be registered if they comply with other provisions of the Corporations Act and the Constitution.

If the Approving Resolution is rejected, binding acceptances must be rescinded as soon as practicable after the Resolution Deadline, and all unaccepted offers and offers failing to result in binding contracts are taken to have been withdrawn at the end of the Resolution Deadline. The proportional takeover provisions do not apply to full takeover bids.

This new provision in the Proposed Constitution will expire three years after the Proposed Constitution is adopted, unless renewed by a further special resolution of shareholders.

Reasons for proposing this special resolution

A proportional takeover bid involves an offer for only a proportion of each shareholder's securities. This may allow control of the Company to pass without shareholders having the

chance to sell all their securities to the bidder and assist a bidder to take control of the company without payment of an adequate control premium.

Shareholders, other than the bidder and its associates, may be exposed to the risk of being left as a minority in the Company as well as the loss of potential to receive an adequate control premium for their remaining shares. The proportional takeover provisions lessen these risks because they allow shareholders to decide whether a proportional takeover bid is acceptable in principle, is appropriately priced and should be permitted to proceed.

Knowledge of acquisition proposals

At the date this Notice of Meeting was prepared, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages

While the proportional takeover provisions have previously been in force under the current Constitution, there have been no full or proportional takeover bids for the Company at any time since it listed as 'Icon Resources Ltd' in 2006. Therefore, there is no example against which to review the advantages or disadvantages of the provisions for the Directors and the shareholders respectively.

The Directors consider that the proposed renewal of the proportional takeover provisions has no potential advantages or potential disadvantages for Directors because they remain free to make a recommendation on whether a proportional takeover bid should be approved.

The potential advantages of the proposed renewal of the proportional takeover provisions for shareholders are:

- (a) shareholders have the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) the provisions may assist shareholders to avoid being locked in as a minority;
- (c) the bargaining power of shareholders is increased, and may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) knowing the view of the majority of shareholders may help each individual shareholder assess the likely outcome of the proportional takeover bid and to decide whether to approve or reject that offer.

The potential disadvantages of the proposed renewal of the proportional takeover provisions for shareholders are:

- (a) it may discourage offers of proportional takeover bids for shares in the Company and may depress the share price;
- (b) shareholders may lose an opportunity of selling some of their shares at a premium; and
- (c) the likelihood of a proportional takeover bid being successful may be reduced.

The Directors consider that the potential advantages of the proportional takeover provisions for shareholders outweigh the potential disadvantages. In particular, shareholders as a whole are able to decide whether or not a proportional takeover bid should be permitted to proceed.

Shareholders may act

If the special resolution to approve the replacement of the Proposed Constitution containing the proportional takeover provisions is passed, shareholders who together hold not less than 10% (by number) of the issued securities in a class of securities in the Company to which the provisions apply may, within 21 days after the day on which the special resolution is passed,

apply to the Court to have the proportional takeover provisions set aside to the extent to which it relates to that class of shareholders.

On an application, the Court may make an order setting aside the proportional takeover provisions if it is satisfied that it is appropriate in all the circumstances to do so. Otherwise the Court must dismiss the application. Unless and until an application is finally determined by the making of an order setting aside the proportional takeover provision, the Company is taken for all purposes to have validly included the proportional takeover provision applying to that class of shareholders.

Direct voting provision (clause 16)

It is proposed that a new direct voting provision be included in the Proposed Constitution of the Company to allow Shareholders who are unable to attend and vote at the General Meetings to vote their shares directly without needing to appoint a proxy to act on their behalf.

Postponement of general meetings (clause 13.3)

Clause 13.3 of the Proposed Constitution provides that the Board may cancel or postpone a meeting of members, subject to the notice requirements of the Corporations Act.

This replaces the onerous advertising requirements for notices of postponement in rule 80 of the current Constitution.

Director Remuneration (clause 17.10)

Clause 17.10 of the Proposed Constitution clarifies that the remuneration of non-Executive Directors must be a fixed sum and not a commission on or percentage of profit or operating revenue.

Remuneration of Executive Directors remains the same as in the current Constitution.

Non-marketable parcels (clause 32)

The Proposed Constitution is in line with the requirements for dealing with “unmarketable parcels” outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 32 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels

Chairman has a casting vote on Board decisions (clause 19.6)

The Proposed Constitution provides that questions arising at any meeting of Board shall be decided by a majority of votes. If the votes are equal, the chairperson of the meeting shall have a second or casting vote.

Fee for registration of off market transfers (clause 9.3)

On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a “reasonable fee” for registering paper-based transfers, sometimes referred to “off-market transfers”.

Clause 9.3 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

Dividend reinvestment plans and bonus share plans (clause 27)

Under the Proposed Constitution, the Directors will have the ability to implement a dividend reinvestment plan or bonus share plan or to amend, suspend or terminate such a plan without requiring shareholder approval. While the current Constitution does require shareholder approval, such approval is not required at law. As a result, the new Constitution will be more consistent with the constitutions of other listed companies.

Definitions and interpretation

The Proposed Constitution updates the definitions to reflect current terminology and where possible relies on terms defined in the Corporations Act, ASX Listing Rules and ASX Settlement Operating Rules (referred to in the current Constitution as the ASTC Settlement Rules).

The above summary is not intended to be exhaustive. In accordance with the ASX Listing Rules, a copy of the draft new Constitution was provided to ASX for examination and ASX has confirmed it has no objections.

4.4 Effective date

Under section 137(a), the replacement of the Constitution with the Proposed Constitution is effective on the date on which the resolution is passed if it specifies no later date.

Given no later date is specified in the Resolution, the replacement is effective on the date the Resolution is passed.

4.5 Recommendation and voting requirements

The Directors recommend that Shareholders approve Resolution 3.

Resolution 3 of the General Meeting is a Special Resolution.

The Chairman of the General Meeting intends to vote all available undirected proxies in favour of Resolution 3.

Lodge your vote:



By Mail:

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

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

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

SEI

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

Proxy Form

XX

 **For your vote to be effective it must be received by 10:00am (Melbourne time) on Saturday, 15 June 2019**

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

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 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.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



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

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I/We being a member/s of Speciality Metals International 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 General Meeting of Speciality Metals International Limited to be held at Thomson Geer, Level 39, Rialto South Tower 525 Collins Street Melbourne, VIC 3000 on Monday, 17 June 2019 at 10:00am (Melbourne time) and at any adjournment or postponement of that Meeting.

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 Ratification of Tranche 1 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Authority to issue Tranche 2 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Replacement of Constitution	<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 / / _____

SEI

999999A

Computershare +