



Speciality Metals
International Limited

Speciality Metals International Limited
ABN 77 115 009 106

Non-Renounceable Entitlement Offer Booklet

A Non-Renounceable Pro-Rata Entitlement Offer of one (1) New Share for every five (5) Shares held at an Issue Price of \$0.018 per New Share (Offer) to raise up to approximately \$2.9 million

The Offer opens at 9am AEST on Wednesday, 10 July 2019

The Offer closes at 5pm AEST on Tuesday, 23 July 2019

The Entitlement Offer is fully underwritten by Rymill Global Venture Ltd.

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

This Offer Booklet dated 2 July 2019 and the accompanying personalised Entitlement and Acceptance Form contain important information. Please read both the Offer Booklet and the personalised Entitlement and Acceptance Form carefully and in their entirety and call your professional adviser or Speciality Metals International Limited (**SEI** or **Company**) if you have any queries. In particular, Eligible Shareholders should refer to the risk factors set out in Section 5 of this document. If you do not understand these documents, or are in doubt as to how to act, you should consult your financial or other professional adviser before making any investment decision.

The Offer Booklet is not a prospectus prepared in accordance with the Corporations Act and has not been lodged with ASIC. Accordingly, this Offer Booklet does not necessarily contain all of the information which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required to be disclosed in a prospectus or other disclosure document. As the Company is a listed disclosing entity which meets the requirements of section 708AA of the Corporations Act, the Offer will be made without a prospectus.

Neither ASIC nor ASX, nor any of their officers or employees takes responsibility for this Offer or the merits of the investment to which this Offer relates.

Table of contents

1	Key Offer details	1
2	Chairman's Letter	3
3	Details of the Offer and the Placements	5
3.1	The Offer and the Placements	5
3.2	Snapshot of the Offer	5
3.3	Eligibility to participate in Offer	6
3.4	Use of funds	6
3.5	CHESS	7
3.6	Capital structure	7
3.7	Offer fully Underwritten	8
3.8	Impact of the Offer on your shareholding and possible dilutive effect	8
3.9	Effect of Offer on Voting Power in the Company	9
3.10	Directors' intentions and participation	10
3.11	Entitlements and acceptance	10
3.12	No rights trading	10
3.13	Risks	10
3.14	Issue and dispatch	10
3.15	Taxation matters	11
3.16	Continuous disclosure	11
3.17	Ineligible Shareholders	11
3.18	Foreign Jurisdictions	11
3.19	ASX quotation	13
3.20	Enquiries	13
4	What Eligible Shareholders may do	14
4.2	If you wish to take up all of your Entitlement to New Shares	14
4.3	If you wish to take up part of your Entitlement to New Shares and allow the balance to lapse	14
4.4	Payment by BPAY®	15
4.5	Entitlement to New Shares not taken up	16
4.6	Entitlement and Acceptance Form is binding	16
4.7	Brokerage and stamp duty	17
4.8	Notice to nominees and custodians	18
4.9	Withdrawal of the Entitlement Offer	18
4.10	Risks	18
5	Risk Factors	19
5.1	Introduction	19
5.2	Joint Venture risks	19
5.3	Industry and Company specific risks	20
5.4	General investment risks	23
6	Additional Information	25
6.1	General	25
6.2	Status of Offer Booklet	25
6.3	Rights issue exception not available	25
6.4	Litigation	25
6.5	No cooling-off rights	25
6.6	Disclaimer and forward-looking statements	25
6.7	Governing law	26
6.8	Other interests	26
6.9	Taxation	26
6.10	Alteration of terms	26
6.11	Underwriting	26
6.12	Disclaimer of representations	29
7	Glossary	31
8	Corporate Directory	41

Important information

Not a prospectus, not investment advice or financial product advice

The information in this Offer Booklet is not a prospectus, product disclosure statement, disclosure document or other offering document under the Corporations Act (or any other law) and has not been lodged with ASIC.

This Offer Booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it contain all the information which would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act (or any other law). It should be read in conjunction with the Company's other periodic statements and continuous disclosure announcements lodged with ASX.

It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. The Company is not licensed to provide financial product advice in respect of the New Shares. Neither ASIC nor ASX take responsibility for the contents of this Offer Booklet.

The information in this Booklet does not take into account the investment objectives, financial situation or needs of you or any particular investor. The potential tax effects of the Offer will vary between individual investors. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. You should conduct your own independent review, investigation and analysis of Shares the subject of the Entitlement Offer. If, after reading this Offer Booklet, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant or other independent and appropriately licensed professional adviser.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares and any Additional New Shares through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Offer Booklet and you have acted in accordance with and agree to the terms of the Offer detailed in this Offer Booklet.

You should also consider the key risks which is included in this Offer Booklet at section 5.

References to 'you' and 'your Entitlement'

In this Offer Booklet, references to 'you' are references to Eligible Shareholders and references to 'your Entitlement' (or 'your Entitlement and Acceptance Form') are references to the Entitlement and Acceptance Form of Eligible Shareholders.

No Entitlement trading

Entitlements are non-renounceable and will not be tradable on the ASX or otherwise transferable. Accordingly, you cannot, in most circumstances, withdraw your application for New Shares once it has been accepted.

Defined terms and time

Defined terms and abbreviations used in this Offer Booklet are explained in Section 7.

Notwithstanding any references to the contrary, all references to time in this Offer Booklet are to **AEST**.

This Offer Booklet should be read in its entirety

No person is authorised to give any information or make any representation in connection with the Offer other than as contained in this Offer Booklet. Any information or representation in connection with the Offer not contained in this Offer Booklet is not, and may not be relied upon as having been, authorised by the Company or any of its officers.

This Offer Booklet should be read in its entirety before you decide to participate in the Offer.

If you have any questions about your Entitlement to New Shares, please contact either the Company using the contact details provided in the Corporate Directory in Section 8 or your stockbroker or professional adviser.

Jurisdictions

This Offer Booklet does not, and is not intended to, constitute an offer, invitation or issue in any place in which, or to any person to whom, it would be unlawful to make such an offer, invitation or issue. This Offer Booklet has not been, nor will it be, lodged, filed or registered with any regulatory authority under the securities laws of any country.

No action has been taken to register or qualify the Offer, the Entitlements, the New Shares, or otherwise permit a public offering of the New Shares, in any jurisdiction outside of Australia and New Zealand. See the foreign selling restrictions set out in Section 3.18 of this Offer Booklet for more information with respect to Shareholders in jurisdictions other than Australia and New Zealand. Such Shareholders will only be able to apply if they comply with the foreign selling restrictions.

Financial forecasts and forward looking statements

Some of the statements appearing in this Offer Booklet may be in the nature of forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. These may be identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', or 'intends' and other similar such words that involve risks or uncertainties.

You should be aware that such statements are not statements of fact or guarantees and there can be no certainty of outcome in relation to the matters to which the statements relate. Forward looking statements are subject to many inherent risks and uncertainties before actual outcomes are achieved.

These risk factors are discussed further in Section 5 of this Offer Booklet. Actual outcomes may differ materially from the events, intentions or results expressed or implied in any forward looking statement in this Offer Booklet.

To the maximum extent permitted by law, none of the Company or any person named in this Offer Booklet or any person involved in the preparation of this Offer Booklet makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any intentions or outcomes expressed or implied in any forward looking statement and disclaim all responsibility and liability for such forward looking statements (including, without limitation, liability for negligence). The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Offer Booklet, except where required by law. You are cautioned not to place undue reliance on any forward looking statement having regard to the fact that the outcome may not be achieved.

Any pro forma financial information (including past performance information) provided in this Offer Booklet is for information purposes only and is not a forecast of operating results to be expected in any future period. Except as required by law, and only then to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Offer Booklet.

Privacy Act

If you complete an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or to the Company's Share Registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons lawfully entitled to inspect the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's Share Registry.

You can access, correct and update the personal information that we hold about you by contacting the Company or its Share Registry. Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the

Corporations Act and certain rules such as the ASX Settlement Operating Rules.

You should note that if you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application for New Shares.

Risks

You should consider the Section 5 for a summary of general and specific risk factors that may affect the Company.

Publicly available information

The Offer Booklet should be read in conjunction with the Company's continuous disclosure announcements made to the ASX available from the ASX website (at www.asx.com.au - ASX Code: SEI). The Company may release further announcements after the date of this Offer Booklet which may be relevant to your consideration of the Offer.

Past performance

Investors should note that past performance, including past Share price performance, cannot be relied on as an indicator of, and provides no guidance as to, future Company performance, including future Share performance.

Underwriting

The Entitlement Offer is fully underwritten by the Underwriter, subject to the terms of an agreement between the Company and the Underwriter. See Section 6 for full particulars.

1 Key Offer details

Key Status	
Issue Price	\$0.018 per New Share
Ratio	1 New Share for every 5 Shares held
Maximum number of New Shares to be issued under Entitlement Offer	159,621,576 (approximately)
Maximum amount to be raised under Entitlement Offer	\$2,873,188 (approximately)
Maximum number of Shares on issue following the Entitlement Offer	957,729,457 (approximately)

Indicative Timetable for the Offer	
Activity	Date
Announcement of the Offer and lodgement of offer booklet, Appendix 3B and 708AA cleansing notice with the ASX	Tuesday, 2 July 2019
Letter to Eligible and Ineligible Shareholders regarding the Offer	Wednesday, 3 July 2019
Trading on ex basis	Thursday, 4 July 2019
Record Date for the Offer (7.00pm AEST)	Friday, 5 July 2019
Offer Booklet and Entitlement and Acceptance Form sent to Eligible Shareholders	Wednesday, 10 July 2019
Offer opens	Wednesday, 10 July 2019
Last day to extend the Closing Date	Thursday, 18 July 2019
Closing Date for acceptances under the Offer (5.00pm AEST)	Tuesday, 23 July 2019
Trading on deferred settlement basis	Wednesday, 24 July 2019
ASX notified of shortfall	Friday, 26 July 2019
Allotment of New Shares issued under the Offer and lodgement of Appendix 3B and 708A cleansing notice (for the underwritten shortfall (if placed at that time))	Tuesday, 30 July 2019
Expected despatch of Holding Statement and normal ASX trading for New Shares issued under the Offer	Wednesday, 31 July 2019
Allotment of New Shares issued for the underwritten shortfall and lodgement of Appendix 3B and 708A cleansing notice	Tuesday, 6 August 2019
Expected despatch of Holding Statement and normal ASX trading for New Shares issued under the underwritten shortfall	Wednesday, 7 August 2019

The above dates are indicative only and may be subject to change. Subject to the Corporations Act, the Listing Rules and other applicable laws, the Directors reserve the right:

- (a) to vary the dates of the Offer in consultation with the Underwriter;

- (b) not to proceed with the whole or part of the Offer at any time prior to issue of the New Shares.

In the event the Directors decide not to proceed with the whole or part of the Offer, Application Money (without interest) will be returned in full to the Applicants.

An extension of the Closing Date for the Offer will delay the anticipated date for issue of the New Shares. The commencement of quotation of New Shares is subject to confirmation from ASX.

Eligible Shareholders wishing to participate in the Offer are encouraged to submit their Entitlement and Acceptance Form and Application Monies as soon as possible after the Offer opens.

You cannot, in most circumstances, withdraw an application once it has been accepted. No cooling-off rights apply to the Offer.

2 Chairman's Letter

Dear Shareholder,

On behalf of the Board of Speciality Metals International Limited (**SEI** or the **Company**) I invite you to participate in the Company's fully underwritten non-renounceable pro-rata entitlement offer of 1 (one) New Share for every 5 (five) Shares held at the Record Date, at an Issue Price of \$0.018 per New Share (**Offer**) to raise a total of \$2,873,188.

The Mt Carbine Transaction

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 signed on Tuesday, 14 May 2019 (**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 Institutional 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**).

The Placements completed on:

- (a) Thursday, 16 May 2019 (**Tranche 1 Placement**); and
- (b) Tuesday, 25 June 2019 (**Tranche 2 Placement**), following the receipt of Shareholder approval under ASX Listing Rule 7.1 which was received on Monday, 17 June 2019.

The Joint Venture commenced on Tuesday, 25 June 2019.

On Tuesday, 2 July 2019, the Company announced that it had completed the Acquisition and holds 100% of the issued share capital in MCQ. The proceeds of the Placements, namely \$4,378,166 was used as part payment to acquire 100% of the issued share capital in MCQ.

For full detail on Mt Carbine Quarries Pty Ltd, the Acquisition and the broader Mt Carbine Transaction, refer to the ASX Announcement dated Tuesday, 14 May 2019 in the Schedule to this Offer Booklet.

Proceeds of the Offer

The Offer will raise approximately \$2,873,188. The proceeds of the Offer will be used (after costs) for general working capital requirements following the completion of the Acquisition whereby the Company acquired 100% of the issued share capital in MCQ.

The Offer

Under the Entitlement Offer, Eligible Shareholders who are on the Company's share register at 7.00pm (AEST) on Friday, 5 July 2019 (**Record Date**) will be entitled to subscribe for 1 (one) New Share for every 5 (five) Shares, at an Issue Price of \$0.018 per New Share (**Offer**) to raise a total of \$2,873,188., on the terms set out in this Offer Booklet (**Entitlement**).

The Offer is fully underwritten by Rymill Global Venture Ltd.

The Issue Price represents a 41.94% discount to the last traded price of Shares on Thursday, 27 June 2019, being the last trading day prior to the announcement of the Offer.

Non-tradable rights

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferrable. Eligible Shareholders who do not take up their Entitlement will not receive any value in respect of those Entitlements.

Low-docs offer

The Offer is to be made under s708AA of the Corporations Act and the Offer Booklet has been lodged with the ASX. A copy of that document can be accessed on the ASX website or the Company's website and is anticipated to be despatched to Eligible Shareholders (with personalised Entitlement and Acceptance Forms) on or before Wednesday, 10 July 2019.

How to apply

The Offer is scheduled to close at 5.00pm (AEST) on Tuesday, 23 July 2019. To participate in the Offer, you must have applied for New Shares so that your completed Entitlement and Acceptance Form and application money, or BPAY® payment is received by this time. Shareholders recorded on the share register with an address outside Australia, New Zealand, Singapore, Malaysia, British Virgin Islands and the United Kingdom (that do not comply with the foreign selling restrictions set out in Section 3.18) are not eligible to participate in the Offer.

Full details of the Mt Carbine Transaction, the Offer and how to participate can be found in this Offer Booklet and in the ASX Announcement lodged on Tuesday, 14 May 2019. I encourage you to read those document before deciding whether or not to take up your Entitlement. You should read the key risk information included in this Offer Booklet at Section 5.

If you have any questions in respect of the Offer please consult your stockbroker, accountant or other professional adviser or call the Company Secretary, Mr Adrien Wing on (03) 9614 0600 (within Australia) and +61 3 9614 0600 (outside Australia) during the Offer period.

Conclusion

Each of the Directors of the Company are participating in the Offer for all of their Entitlements as an indication of their ongoing support for the Company.

As a Board, we appreciate the support of our existing Shareholders and we have been mindful of providing existing Shareholders, the opportunity to increase their investment in the Company. This offer represents an opportunity for shareholders to participate directly in an exciting new growth phase for the Company, and, on behalf of my fellow directors, I look forward to welcoming your participation in the Offer.

We look forward to your participation in the Offer.



Russell Krause
Executive Chairman

3 Details of the Offer and the Placements

3.1 The Offer and the Placements

The Offer

The Company is conducting a fully-underwritten non-renounceable pro rata offer of New Shares to Eligible Shareholders.

Eligible Shareholders who are recorded on the Company's share register at 7.00pm (AEST) on Friday, 5 July 2019 (**Record Date**) will be entitled to subscribe for 1 (one) New Share for every 5 (five) Shares held on the Record Date. The Issue Price for each New Share is \$0.018, which is payable in full on application.

Fractional Entitlements are being rounded up to the next whole New Share.

To participate in the Offer, Eligible Shareholders need to ensure that Entitlement and Acceptance Forms and/ or payment of Application Money is received by the Company on or before the Closing Date, in accordance with the instructions in Section 4.

The maximum number of New Shares to be issued under the Offer will be approximately 159,621,576, to raise up to approximately \$2,873,188 (before costs). The details of the use of the proceeds of the Offer are set out in Section 3.4 (Use of funds) below.

All of the New Shares offered under this Offer Booklet will rank equally with the Shares on issue at the date of this Offer Booklet, on and from their date of issue.

The Directors may, at any time, decide to withdraw this Offer Booklet and the offers of New Shares made under it, in which case the Company will return all Application Money (without interest) within 28 days of giving such notice of withdrawal.

As the Offer is fully underwritten by the Underwriter, there is no minimum subscription.

The Placements

The Company has recently completed the following private Placements:

- (a) On Thursday, 16 May 2019 the Company announced it had completed private placements to issue 83,231,463 Shares to Institutional Investors to raise \$1,498,166 (**Tranche 1 Placement**); and
- (b) On Thursday, 27 June 2019 the Company announced it had completed private placements to issue 160,000,000 Shares to Institutional Investors to raise \$2,880,000 (**Tranche 2 Placement**);

The Shares under the Tranche 1 Placement and Tranche 2 Placement were issued at the same price as this Offer, namely \$0.018 per Share (**Placements**).

The Shares issued under the Tranche 1 Placement and Tranche 2 Placement were issued prior to the Record Date for the Offer and will be included in the number of issued Shares for the purposes of determining Entitlements to subscribe for Shares pursuant to this Offer.

The details of the use of the proceeds of the Placements are set out in Section 3.4 below.

3.2 Snapshot of the Offer

A snapshot of the Offer is detailed below:

Summary of Offer and Placements	
Issue Price per New Share	\$0.018 per New Share payable in full on application

Summary of Offer and Placements

Entitlement	1 New Share for every 5 Shares held on the Record Date
Discount of the Issue Price to the closing price of \$0.031 on Thursday, 27 June 2019	41.94%
Discount of the Issue Price to the 5-day volume weighted average price up to and including Thursday, 27 June 2019 of \$0.026	31.46%
Maximum number of New Shares to be issued under the Offer ¹	159,621,576 (approximately)
Maximum amount to be raised under the Offer	\$2,873,188 (approximately)
Maximum number of Shares on issue following the Offer	957,729,457 (approximately)

3.3 Eligibility to participate in Offer

The Offer is being offered to Eligible Shareholders only.

Eligible Shareholders are persons who are registered as a holder of Shares as at the Record Date that:

- (a) have a Registered Address in Australia, New Zealand, Singapore Malaysia, British Virgin Islands or the United Kingdom; and;
- (b) are not located in the United States and are not a US Person or acting for the account of or benefit of a person in the United States or a US Person; and
- (c) are eligible under applicable securities laws to receive an offer under the Offer,

(Eligible Shareholders).

Shareholders who are not Eligible Shareholders are Ineligible Shareholders.

The Company has decided that it is unreasonable to make offers under the Offer to shareholders who have a registered address outside Australia, New Zealand, Singapore Malaysia, the British Virgin Islands or the United Kingdom having regard to the number of such holders in those places and the number and the value of the New Shares that they would be offered, and the costs of complying with the relevant legal and regulatory requirements in those places. The Company may (in its absolute discretion) extend the Offer to shareholders who have registered addresses outside of Australia, New Zealand, Singapore Malaysia, the British Virgin Islands and the United Kingdom, in accordance with applicable law,

Shareholders with a registered address in New Zealand, Singapore Malaysia, the British Virgin Islands or the United Kingdom can only take up their Entitlement if they comply with the selling restrictions set out in Section 3.18 of this Offer Booklet.

Eligible Shareholders will receive a personalised Entitlement and Acceptance Form setting out their Entitlement which will accompany the paper copy this Offer Booklet sent to them. Shareholders who are not Eligible Shareholders, will not be entitled to participate in the Offer or to subscribe for New Shares.

Eligible Shareholders cannot take up any New Shares in excess of their Entitlement.

3.4 Use of funds

Completion of the Offer will result in an increase in cash at hand of up to approximately \$2,873,188 (before the payment of the costs associated with the Offer).

¹ A small number of additional New Shares may be issued due to rounding of individual entitlements.

The Company intends to apply the funds raised under the Offer as follows:

Use of funds under the Offer	
General working capital requirements of the Group	\$2,873,188
TOTAL	\$2,873,188

For full detail on Mt Carbine Quarries Pty Ltd, the Acquisition and the broader Mt Carbine Transaction, refer to the ASX Announcement dated Tuesday, 14 May 2019 in the Schedule to this Offer Booklet.

The above is a statement of the Board's current intentions as at the date of this Offer Booklet. However, Shareholders should note that, as with any budget, the allocation of funds set out above 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.

3.5 **CHESS**

The Company participates in the Clearing House Electronic Sub-register System, known as CHESS. ASX Settlement Pty Ltd ACN 008 504 532 (**ASTC**), a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and ASTC Settlement Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are registered in the Issuer Sponsored Sub-register, your statement will be despatched by Computershare Investor Services Pty Limited and will contain the number of New Shares issued to you under this Offer Booklet and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their holding changes. Shareholders may request a statement at any other time; however, there may be a charge associated with the provision of this service.

3.6 **Capital structure**

The principal effect of the Offer will be to increase the total number of Shares and to increase the cash reserves by up to \$2,873,188 (before deducting the costs of the Offer).

The following table shows the capital structure of the Company before, and after completion of the Offer:

Shares	Number
Current issued Shares	
Shares on issue at the date of this Offer Booklet	798,107,881
The Offer	
Maximum number of New Shares to be issued under the Offer ²	159,621,576 (approximately)
Maximum number of Shares on issue following the Offer	
Maximum number of Shares on issue following the Offer and Placement ^{3 4}	957,729,457 (approximately)

² Assuming all of the New Shares under the Offer are taken up (by Eligible Shareholders and the Underwriter) and issued.

The Performance Rights issued by the Company will not be affected by the Offer and the below table sets out the Performance Rights issued by the Company before the Offer and immediately after the allotment of New Shares pursuant to the Offer.

The Company has no options on issue.

Performance Rights	Exercise Price	Expiry Date	Number
Performance Rights	N/A	22 June 2020	25,000,000

Under the terms of the Performance Rights, they will be converted in Shares in the Company following the Acquisition of 100% of the issued share capital in Mt Carbine Quarries Pty Ltd under the Mt Carbine Quarries Pty Ltd Share Sale Agreement. The Company and the holders of the Performance Rights have agreed that the Performance Rights will be converted into Shares in the Company following completion of the Offer.

The following table shows the capital structure of the Company before, and after completion of the Offer and conversion of the Performance Rights into Shares:

Shares	Number
Current issued Shares	
Shares on issue at the date of this Offer Booklet	798,107,881
The Offer	
Maximum number of New Shares to be issued under the Offer ⁵	159,621,576 (approximately)
Shares on conversion of Performance Rights	
Maximum number of Shares to be issued on conversion of the Performance Rights	25,000,000
Maximum number of Shares on issue following the Offer and conversion of the Performance Shares into Shares	
Maximum number of Shares on issue following the Offer ⁶ and the conversion of Performance Shares into Shares	982,729,457 (approximately)

3.7 Offer fully Underwritten

The Offer is fully underwritten by the Underwriter. Subject to the terms of the Underwriting Agreement, the Underwriter will lodge or cause to be lodged with the Company, Applications for any New Shares not subscribed for by Eligible Shares. The Underwriter are entitled to nominate all the Applicants for the New Shares not subscribed for by Eligible Shares.

A summary of the other material terms of the Underwriting Agreement is set out in Section 6.11.

3.8 Impact of the Offer on your shareholding and possible dilutive effect

The dilutionary effect of the Offer on your shareholding will depend on whether you are an Eligible Shareholder and if so, whether you elect to subscribe for some or all of your Entitlement.

³ Assuming all of the New Shares under the Offer are taken up (by Eligible Shareholders and the Underwriter) and issued.

⁴ A small number of additional New Shares may be issued due to rounding of individual Entitlements.

⁵ Assuming all of the New Shares under the Offer are taken up (by Eligible Shareholders and the Underwriter) and issued.

⁶ A small number of additional New Shares may be issued due to rounding of individual entitlements.

If Eligible Shareholders take up all of their entitlements under the Offer, which will include any new Shareholders that acquired Shares as part of the Placements, Eligible Shareholders will hold the same percentage interest in the Company as they did immediately prior to completion of the Offer. However, to the extent that any Shareholder fails to take up their full Entitlement to New Shares under the Offer, and Ineligible Shareholders are unable to participate in the Offer, that Shareholder's percentage holding in the Company will be diluted.

Please refer to Section 3.9 for detail of the effect of the Offer on voting power in the Company.

3.9 Effect of Offer on Voting Power in the Company

As the acquisition of Shares under the Offer does not satisfy the requirements of exception 10 of section 611 of the Corporations Act, no person (including the Underwriter or any sub-underwriter) will be entitled to acquire Shares pursuant to the Offer if to do so would result in their, or another person's, Voting Power in the Company increasing from 20% or below to more than 20%, or from a starting point above 20% to below 90%, unless an exception to the restrictions contained in section 606 of the Corporations Act applies.

Accordingly, as there are currently no exceptions to the restrictions contained in section 606 of the Corporations Act and in light of the size of the Offer, the Offer is not expected to have any material effect or consequence on the control of the Company.

Please note, however, that the Placements will have an impact on the control of the Company. Detail of the control implications are set out below.

The following table set out the possible effects of the Offer on the Existing Shareholders and Underwriter's or any sub-underwriters' Voting Power in the Company on completion of the Offer, under three potential scenarios (depending on the level of Acceptances received pursuant to the Offer).

The below table assumes that no Shareholder takes up any New Shares as part of the underwriting arrangement with the Underwriter.

Voting Power ⁷	100% take-up (no Shortfall)		75% take-up (Shortfall taken-up by Underwriter / sub-underwriters)		50% take-up (Shortfall taken-up by Underwriter / sub-underwriters)	
	Number of Shares	Shares %	Number of Shares	Shares %	Number of Shares	Shares %
Underwriter or Sub-underwriters	0	0%	39,905,394	4.17%	79,810,788	8.33%
Whitfords Holdings Investments Ltd (a substantial Shareholder) ⁸	64,919,809	6.78%	62,214,817	6.50%	59,509,825	6.21%
Hilux Resources Pty Ltd (a substantial Shareholder)	84,000,000	8.77%	80,500,000	8.41%	77,000,000	8.04%
Existing Shareholders (with the exception of the substantial shareholders)	808,809,648	84.45%	775,109,246	80.92%	741,408,844	77.42%

⁷ Assuming that neither the Underwriter nor any sub-underwriters (or their Associates) have, or do not acquire prior to the close of the Offer, any voting power in the Company.

⁸ Whitfords Holdings Investments Ltd, an entity controlled by Mr Yeo Zhui Pai, acquired Shares under ASX Listing Rule 10.12 (exception 6).

Voting Power ⁷	100% take-up (no Shortfall)		75% take-up (Shortfall taken-up by Underwriter / sub-underwriters)		50% take-up (Shortfall taken-up by Underwriter / sub-underwriters)	
	Number of Shares	Shares %	Number of Shares	Shares %	Number of Shares	Shares %
detailed above)						
Total	957,729,457	100%	957,729,457	100%	957,729,457	100%

Whether the Underwriter are required to subscribe for New Shares pursuant to the Underwriting Agreement and, therefore, any consequential increase in their Voting Power in the Company on the close of the Offer, is dependent on the size of the Shortfall (if any), the number of New Shares subscribed for by any sub-underwriters and whether the Underwriter or any sub-underwriters increase their Voting Power in the Company between the date of this Offer Booklet and Completion of the Offer.

3.10 Directors' intentions and participation

The Directors who hold Shares intend to participate in the Offer for all of their respective Entitlements. No Director or proposed Director will participate in any Shortfall.

3.11 Entitlements and acceptance

Details of how to apply under the Offer are set out in Section 4 of this Offer Booklet.

The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance Form accompanying the Offer Booklet that will be posted to Eligible Shareholders.

3.12 No rights trading

The right to subscribe for New Shares pursuant to the Offer is non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Offer to any other party. If you do not take up your Entitlement to New Shares by the Closing Date, your Entitlement will lapse.

3.13 Risks

There are various risks associated with investing in the Company, as with any stock market investment, and, specifically, because of the nature of the Company's mining business and the present stage of development of the Company's operations. Potential investors should consider whether the securities are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out in Section 5 of this Offer Booklet. Many of those risk factors are outside the control of the Company.

3.14 Issue and dispatch

New Shares issued pursuant to this Offer Booklet will be issued in accordance with the ASX Listing Rules and the indicative timetable set out in Section 1 of this Offer Booklet of this Offer Booklet.

Pending the issue of New Shares or the payment of refunds pursuant to this Offer Booklet, all Application Monies will be held in trust for the relevant applicants in a separate bank account as required by the Corporations Act. The Company will, however, be entitled to retain all interest that accrues on the bank account and each applicant of New Shares waives the right to claim interest by completing and returning the Entitlement and Acceptance Form or making payment by BPAY.

The expected dates for the issue of New Shares offered by this Offer Booklet and dispatch of holding statements is expected to occur on the dates specified in the indicative timetable set out in Section 1 of this Offer Booklet. It is the responsibility of applicants for New Shares to

determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

3.15 **Taxation matters**

It should not be inferred or implied that the Company, Directors or its officers, purport to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Booklet. The Company, its advisers and its Directors and officers do not accept any responsibility or liability for any such taxation consequences to Eligible Shareholders. Eligible Shareholders should consult their professional tax adviser in connection with the tax consequences of subscribing for any New Shares under this Offer Booklet.

3.16 **Continuous disclosure**

The Company is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

The Company is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the stock markets conducted by ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of the Company's Shares. That information is available to the public from ASX.

This Offer Booklet is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for New Shares. All announcements made by the Company are available from its website galilee-energy.com.au or the ASX at www.asx.com.au (ASX Code: SEI).

3.17 **Ineligible Shareholders**

The restrictions upon eligibility to participate in the Entitlement Offer arise because the Company has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to extend the Offer to Ineligible Shareholders. This decision has been made after taking into account the relatively small number of Shareholders in the jurisdictions in which the Ineligible Shareholders are located, the relatively small number and value of New Shares to which those Shareholders would otherwise be entitled to subscribe for and the potential costs of complying with legal and regulatory requirements in the jurisdictions in which the Ineligible Shareholders are located.

In limited circumstances the Company may elect to treat as Eligible Shareholders certain Shareholders who would otherwise be Ineligible Shareholders, provided the Company is satisfied that it is not precluded from lawfully issuing New Shares to such Shareholders either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable and not unduly onerous. To the maximum extent permitted by law, the Company disclaims all liability in respect of such determination.

3.18 **Foreign Jurisdictions**

This Offer Booklet has been prepared to comply with the requirements of the securities laws of Australia.

This Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Offer Booklet (including an electronic copy) outside Australia, New Zealand, Singapore, Malaysia, British Virgin Islands and the United Kingdom may be restricted

by law. If you come into possession of this Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions.

Any non-compliance with these restrictions may contravene applicable securities laws.

New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with Registered Addresses in New Zealand to whom the offer of New Shares is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Singapore

This Offer Booklet and any other materials relating to the rights and the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares may not be issued, circulated or distributed, nor may these securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Offer Booklet has been given to you on the basis that you are an existing holder of the Company's shares. In the event that you are not such a shareholder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with the view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to re-sale restrictions in Singapore and comply accordingly.

Malaysia

This Offer Booklet may not be distributed in Malaysia. No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of Entitlements of New Shares. The Entitlements and the New Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part 1 of Schedule 6 of the Malaysian Capital Markets and services Act.

British Virgin Islands

The New Shares may not be offered in the British Virgin Islands unless the Company or the person offering the New Shares on its behalf is licensed to carry on business in the British Virgin Islands. The Company is not licensed to carry on business in the British Virgin Islands. The New Shares may be offered to British Virgin Islands business companies from outside the British Virgin Islands without restriction.

United Kingdom

Neither the information in this Offer Booklet nor any other document relating to the Offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000,

as amended (**FSMA**) has been published or is intended to be published in respect of the Entitlements and the New Shares.

This Offer Booklet is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this Offer Booklet, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This Offer Booklet should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this Offer Booklet is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Offer Booklet or any of its contents.

United States

None of the information in this Offer Booklet, or the Entitlement and Acceptance Form that will accompany this Offer Booklet when it is despatched to Eligible Shareholders, constitutes an offer to sell, or the solicitation of an offer to buy, any securities in the United States of America (United States). Neither this Offer Booklet (or any part of it), the accompanying ASX announcements nor the Entitlement and Acceptance Form when that is to be made available, may be released or distributed directly or indirectly, to persons in the United States.

The New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons (including nominees or custodians) who are acting for the account or benefit of a person in the United States, and the New Shares may not be offered, sold or resold in the United States or to, or for the account or benefit of, a person in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act of 1933 and applicable securities laws of any state or other jurisdiction in the United States.

Ineligible Shareholders are not entitled to participate in the Entitlement Offer.

3.19 ASX quotation

The Company will apply to ASX for quotation of the New Shares on ASX. If ASX does not grant official quotation of the New Shares, the Company will not issue any New Shares and all Application Money will be refunded, without interest. The Company disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares before the New Shares are listed on the Official List of ASX or receiving their confirmation of issue, whether on the basis of confirmation of the allocation provided by the Company or the Share Registry.

3.20 Enquiries

If you have any questions, please contact the Company using contact details provided in the Corporate Directory during the Offer period. If you are in any doubt as to whether you should participate in the Offer you should consult your stockbroker, accountant, solicitor or other professional adviser.

4 What Eligible Shareholders may do

Eligible Shareholders will receive a personalised Entitlement and Acceptance Form setting out their Entitlement with the paper copy of this Offer Booklet sent to them. Shareholders, who are not Eligible Shareholders, will not receive an Entitlement and Acceptance form.

Eligible Shareholders' Entitlements to New Shares will be shown on the Entitlement and Acceptance Form accompanying the paper copy of this Offer Booklet sent to them. Before taking any action in relation to the Offer, you should read this Offer Booklet in its entirety, and seek professional advice from your professional adviser.

You may:

- (a) take up all of your Entitlement to New Shares (see Section 4.2 below);
- (b) take up part of your Entitlement to New Shares and allow the balance to lapse, in which case you will receive no value for those lapsed Entitlements (see Section 4.3 below); or
- (c) do nothing and allow all of your Entitlement to New Shares to lapse, in which case you will receive no value for those lapsed Entitlements (see Section 4.5 below).

Eligible Shareholders who do not participate in the Offer, or participate for an amount that is less than their full Entitlement, will have their percentage Shareholding in the Company reduced or diluted.

Please also note that if you are an Eligible Shareholder who is a 'related party' in relation to the Company (as that term is defined in the ASX Listing Rules) or are otherwise a person to whom Listing Rule 10.11 applies, you may apply to take up your Entitlement in part or in full.

4.2 If you wish to take up all of your Entitlement to New Shares

If you wish to take up all of your Entitlement to New Shares you should:

- (a) complete the accompanying Entitlement and Acceptance Form (in accordance with the instructions set out in the Entitlement and Acceptance Form) and indicate the number of New Shares you wish to subscribe for in accordance with the instructions set out on the Entitlement and Acceptance Form; and
- (a) send the completed Entitlement and Acceptance Form together with your cheque, bank draft or money order (in Australian currency) made payable to "Speciality Metals International Limited" for the applicable Application Monies to the Share Registry at the address set out on the Entitlement and Acceptance Form.

The completed Entitlement and Acceptance Form should be sent together with your cheque bank draft or money order for the applicable Application Monies to the Share Registry at the address set out on the Entitlement and Acceptance Form by no later than 5:00 pm AEST on the Closing Date.

Alternatively, Eligible Shareholders may apply for New Shares and pay by BPAY®. For Eligible Shareholders wishing to apply for New Shares and to pay by BPAY®, and for further details about payment, see Section 4.4 below.

If you take no action or your Application is not supported by cleared funds, you will be deemed not to have taken up your Entitlement and your Entitlement will lapse.

4.3 If you wish to take up part of your Entitlement to New Shares and allow the balance to lapse

If you wish to take up part of your Entitlement to New Shares and allow the balance to lapse, you should:

- (a) complete the accompanying Entitlement and Acceptance Form (in accordance with the instructions set out on the Entitlement and Acceptance Form) and indicate the

number of New Shares you wish to subscribe for in accordance with the instructions set out on the Entitlement and Acceptance Form; and

- (b) send the completed Entitlement and Acceptance Form together with your cheque, bank draft or money order (in Australian currency) made payable to "Speciality Metals International Limited" for the applicable Application Monies to the Share Registry at the address set out on the Entitlement and Acceptance Form.

The completed Entitlement and Acceptance Form should be sent together with your cheque bank draft or money order for the applicable Application Monies to the Share Registry at the address set on the Entitlement and Acceptance Form by no later than 5:00 pm AEST on the Closing Date.

Alternatively, Eligible Shareholders may apply for New Shares and pay by BPAY®. For Eligible Shareholders wishing to apply for New Shares and to pay by BPAY® and for further details about payment, see Section 4.4 below.

If you take no action or your Application is not supported by cleared funds, you will be deemed not to have taken up your Entitlement and your Entitlement will lapse.

4.4 **Payment by BPAY®**

For Eligible Shareholders wishing to pay by BPAY® (only available to Eligible Shareholders who hold an account with an Australian financial institution that supports BPAY®):

- (a) You should make your payment in respect of your Application Monies via BPAY® for the number of New Shares you wish to subscribe for (being the Issue Price of \$0.018 multiplied by the number of New Shares you are applying for).
- (b) Please follow the instructions on your personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique Reference Number).
- (c) Your BPAY® payment must be received by no later than 5.00pm (AEST) on the Closing Date. Applicants should be aware that their own financial institution may impose earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY® are received by this time.
- (d) For payment by BPAY® you do not need to submit your Entitlement and Acceptance Form but, by making a payment through BPAY®, you will be taken to have made the declarations set out in the Entitlement and Acceptance Form.
- (e) Please make sure to use the specific Biller Code and unique Reference Number on your personalised Entitlement and Acceptance Form.

Eligible Shareholders must not forward cash by mail. Receipts for payment will not be issued.

If you have more than one holding of Shares you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Reference Number specific to the Entitlement on that form. If you inadvertently use the same Reference Number for more than one of your Entitlements, you will be deemed to have applied only for your Entitlements to which that Reference Number applies.

If the amount of your cheque, bank draft, money order or BPAY® payment for Application Monies is insufficient to pay in full for the number of New Shares you have applied for, you will be taken to have applied for such lower whole number of New Shares as your cleared Application Monies will pay for. Alternatively, your Application will be rejected (at the discretion of the Company).

The Company will treat you as applying for as many New Shares as your payment will pay for in full (to a maximum of your Entitlement).

Any Application Money received by the Company in excess of your final allocation of New Shares will be refunded by cheque to your registered address as noted on the Company's share register as soon as practicable after the close of the Offer. It is not practical to refund any amount of less than \$5.00 to Shareholders and any refunds owing for less than this amount will be retained by the Company. No interest will be paid to Applicants on any Application Money received or refunded.

If you take no action or you fail to take any action prior to the Closing Date, your Entitlement under the Offer will lapse.

4.5 Entitlement to New Shares not taken up

If you decide not to take up all or any part of your Entitlement to New Shares, do not take any further action and your Entitlement will lapse. In this instance, the New Shares to which you would have been entitled to subscribe for will be issued pursuant to the Underwriting Agreement. You will receive no payment for your lapsed Entitlements. You cannot sell or transfer your Entitlements to another person. Your holding of Shares will, however, be diluted because the issue of New Shares will increase the total number of Shares on issue.

4.6 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY®, constitutes a binding and irrevocable offer to apply for New Shares on the terms and conditions set out in this Offer Booklet and, once lodged or paid, cannot be withdrawn.

Your application will be considered to be for as many New Shares as your payment will cover. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' (or their delegates') decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or making payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Shareholder and that the Offer can be made to you in accordance with this Offer Booklet, in accordance with applicable securities laws;
- (b) you have read and understood this Offer Booklet and your Entitlement and Acceptance Form in their entirety and provide the authorisations contained in this Offer Booklet and Entitlement and Acceptance Form;
- (c) you agree to be bound by the terms of the Offer, provisions of the Offer Booklet and the Company's constitution;
- (d) you declare that you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the Entitlement and Acceptance Form;
- (e) all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (f) you authorise the Company to register you as the holder of New Shares issued to you;
- (g) once the Company (or the Share Registry) receives the Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw it except as allowed by law;
- (h) you agree to apply for the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Issue Price per New Share;

- (i) you agree to be issued the number of New Shares that you apply for in the Entitlement and Acceptance Form;
- (j) you authorise the Company, the Underwriter, the Share Registry and their respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (k) you authorise the Company to correct any errors in your Entitlement and Acceptance Form or other form provided by you;
- (l) you declare that you were the current registered holder(s) on the Record Date of that number of Shares as indicated on the Entitlement and Acceptance Form as being held by you;
- (m) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Offer and of your holding of Shares on the Record Date;
- (n) you acknowledge that the information contained in this Offer Booklet and the Entitlement and Acceptance Form is not investment advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs, and that the Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (o) you acknowledge the statement of risks in the Risk Factors detailed in Section 5 of this Offer Booklet, and that investments in the Company are subject to investment risk;
- (p) you acknowledge that none of the Company, the Underwriter and their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers guarantees the performance of the Company, nor do they guarantee the repayment of capital;
- (q) you will also be deemed to have acknowledged, represented and warranted on your behalf and on behalf of and in relation to each person on whose account you are acting that:
 - (i) you are not in the United States, are not a US Person or acting for the account of or benefit of a person in the United States or US Person; and
 - (ii) you have not, and will not, send any materials relating to the Offer to any person in the United States or that is, or is acting for the account or benefit of, a US Person; and
 - (iii) you are not otherwise a person to whom it would be illegal or unlawful to make an offer or issue of New Shares under the Offer;
 - (iv) you have not and will not send any materials relating to the Offer to any person in the United States or any other country outside Australia or New Zealand or any jurisdiction where it is not lawful for the materials relating to the Offer to be sent; and
 - (v) you agree that the allotment of New Shares (including, if applicable, Additional New Shares) to you constitutes acceptance of your application.

4.7 **Brokerage and stamp duty**

No brokerage is payable for the issue of New Shares pursuant to this Offer Booklet. No stamp duty is payable for subscribing for New Shares under the Offer.

4.8 **Notice to nominees and custodians**

The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws. The Company is not able to advise on foreign laws.

4.9 **Withdrawal of the Entitlement Offer**

Subject to applicable law, the Company reserves the right to withdraw the Entitlement Offer at any time before the issue of New Shares, in which case the Company will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to Applicants.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to the Company will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to the Company.

4.10 **Risks**

Eligible Retail Shareholders should be aware that an investment in the Company involves risks. The key risks identified by the Company are set out in Section 5 of this Offer Booklet.

5 Risk Factors

5.1 Introduction

The New Shares offered under this Offer Booklet should be considered speculative because of the nature of the Company's business. There are numerous risk factors involved with the Company's existing business, the Joint Venture and participation in the Offer. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade.

The following is a summary of some of the more material matters to be considered. However, this summary is not exhaustive and potential investors should examine the contents of this Offer Booklet in its entirety and consult their professional advisors before deciding whether to apply for the New Shares.

5.2 Joint Venture risks

(a) Joint Venture risk

The Joint Venture is subject to underlying contracts. With the exception of the Joint Venture, the Company is not currently a party to joint venture or joint operating agreements for any of its tenements in which it holds an interest. The Joint Venture carries risks that the Company might be voted into programs and budgets which are not in line with the objectives and strategy of the Company or that the Company does not have the cash resources to fund. The Company may be required to contribute to increases in capital expenditure requirements and/or operating costs where the requirements of the project change or in circumstances where any or all of the joint venture parties are unable to fund their pro rata contributions to expenditure.

(b) Analysis of Acquisition

The Company undertook financial, business and other analysis on MCQ in order to determine its attractiveness to the Company and make a decision to pursue the Acquisition. It is possible that such analysis, and the best estimate assumptions made by the Company, drew conclusions and forecasts that were inaccurate or which may not be realised in due course.

To the extent that the actual results (whether historical results or future results) achieved by MCQ are weaker than anticipated or were weaker than as indicated by the Company's analysis, or any difficulties arise in integrating the operations of MCQ with those of the Company, there is a risk that the Company's financial and operating performance may differ (including in a materially adverse way) from its expected financial and operating performance. Different results could arise as a result of any number of circumstances, including increases in competition in the markets in which MCQ operates, which could result in price reductions, under-utilisation of equipment and personnel, reduced operating margins or loss of market share.

(c) Reliance on information provided

If any of the data or information provided to and relied upon by the Company in its due diligence process proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of the Company may be materially different from its expected financial position and performance.

Shareholders should note that there is no assurance that the due diligence conducted in respect of MCQ was conclusive and that all material issues and risk in respect of the Acquisition have been identified and avoided or managed appropriately. Therefore, there is a risk that unforeseen issues and risks may arise, which may also have a material impact on the Company (for example, the Company may later discover liabilities or defects which were not identified through due diligence or for which there is no protection for the Company). This could adversely affect the

operations, financial performance or position of the Company. Further, the information reviewed by the Company includes forward looking information which is inherently unreliable and based on assumptions that may not be achieved or satisfied in the future.

(d) **Historical liability in respect of MCQ**

As the acquisition of MCQ was structured as a share sale, the Company may become directly or indirectly liable for any liabilities that MCQ has incurred in the past as a result of prior acts or omissions, including liabilities which were not identified during the Company's due diligence or which are greater than expected, and for which the various forms of protections negotiated by the Company in its agreement to acquire MCQ (in the form of representations and warranties and indemnities) turn out to be inadequate in the circumstances. Such liabilities may adversely affect the financial performance or position of the Company.

5.3 **Industry and Company specific risks**

(a) **Production risk**

Development of tungsten is a high-risk endeavour, the success of which depends on the development of a mineral resource and reserve. There can be no assurance that the Company's development activities will result in the upgrade of the Company's mineral resource and reserve. Even if that occurs, there are a number of factors that influence the successful development of tungsten deposits into economically viable mining operations. Therefore, there can be no guarantee that the reserve can be economically exploited.

(b) **Resource estimates**

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such estimates are inherently imprecise and rely to some extent on interpretations and assumptions. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available.

(c) **Ore Treatment risk**

Whilst the Company has carried out analysis of the likely rate of metals production from the processing of the tungsten ore, the rate of recovery of metal and the final quality of the metal produced, can vary depending on the efficiency of the ore treatment facilities. Many factors that are outside of the control of the Company, can vary the productivity of an ore treatment plant. The cost of upgrading the ore treatment plant to increase productivity may be sub-economic.

(d) **Industry specific risks**

Tungsten quality is known to vary. As such, there is a risk that any tungsten identified by the Company may not be of sufficient quality to develop commercial mining operations, which could have an adverse impact on the Company. Actual tungsten qualities produced during the life of the mine may vary from those expected currently. Substantial changes to or on-going conditions in tungsten markets, tungsten prices and other macroeconomic factors including foreign exchange rates could have an adverse impact on the commercial viability of exploiting tungsten resources. At completion of construction of any projects the market price of the tungsten could be less than the cost of production. The Company may be forced to defer or suspend some or all of its planned mining activities.

(e) **Transportation risks**

The Company is required to rely on transport (including ships and planes) from third parties for the transit of its product, equipment and supplies. Any deterioration in the availability of third party transportation providers, or significant increases in the costs or affordability of transportation providers may result in delays, additional costs and may therefore adversely affect the Company's operations.

(f) **Tenement risk**

The Company's appraisal activities are dependent upon the grant and maintenance of appropriate licences, permits, resource consents, access arrangements and regulatory authorities (authorisations), which may not be granted or may be withdrawn or made subject to limitations at the discretion of government or regulatory authorities. Although the authorisations may be renewed following expiry or granted (as the case may be), there can be no assurances the authorisations will be continued, renewed or granted, or as to the terms of such renewals or grants.

(g) **Construction and operational cost risks**

The capital expenditure required to develop the Company's tungsten project may differ from the current expectations of the Company. In addition, actual operational costs may differ from current estimates. Increases in capital or operating expenditure will adversely affect the profitability of the projects.

- (i) **Operational risks:** The Company's tungsten project is exposed to material operating risks including potential risk of sub-standard tungsten quality specifications, mining and processing technical difficulties encountered in commissioning and operating plant and equipment, mechanical failure and industrial and environmental accidents.
- (ii) **Labour risks:** There is a risk that the Company's tungsten project is unable to attract the skilled labour force necessary.
- (i) **Infrastructure risk:** There is no guarantee that suitable and affordable road, rail and port capacity would be available to commercially export tungsten.

(h) **Base metal markets risk**

The Company's possible future revenues are expected to be derived from domestic and/or export base metals sales. The profitability of the Company's base metals business will be determined by the future market for domestic and export base metals. Numerous factors outside the control of the Company impact on base metal prices. The prices required to achieve adequate returns on the Company's base metals business will vary depending on cost of production, economies of scale and product supply rates. Any substantial decline in the price of base metals is likely to have a material adverse effect on the financial position of the Company.

(i) **Access to infrastructure risk**

Infrastructure is a key path to market for a base metals producer and any limitation of infrastructure exposes a producer to potential cost and capacity constraints. Discoveries in remote locations may be difficult and expensive to commercialise due to infrastructure and transport costs. The sharing with other industry participants of transport and operating infrastructure is common in the base metals sector. Any delay or failure to access properly maintained operating infrastructure or shared facilities may have a material adverse effect on the Company.

(j) **Environmental risk**

The Company's operations and projects are subject to state and federal laws and regulation regarding the environment. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and

locations where operations are or were conducted. Significant liability could be imposed on the Company for damages, clean-up costs, or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of property acquired by the Company, or noncompliance with environmental laws or regulations. The Company proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations and where possible, by carrying appropriate insurance coverage.

(k) **Native title risk**

Formal agreements with traditional and tribal land owners are required in many areas. Despite the Company committing to work closely with traditional owners and entering into agreements to formalise the Company's ongoing commitment to manage cultural heritage matters in its areas of operations, conflicts are possible and denial of access to the land is possible, if items of cultural heritage significance are identified. Permit applications and existing permits may be affected by native title claims or procedures. This could preclude or delay granting of mining permits and considerable expenses could be incurred negotiating and resolving issues.

(l) **Legislation and regulatory risk**

The Company's activities in the base metals industry are subject to legislation, regulation and approvals. The introduction of new legislation, amendments to existing legislation, the application of developments in existing common law or policies or the interpretation of those laws or policies, particularly in relation to, land access arrangements, environmental approvals, the effect of greenhouse gases legislation, royalties and production licensing may adversely affect the Company's future operations and financial performance. The Company will, from time to time, require various government regulatory approvals for its transactions and operations and must comply with those approvals, applicable laws, regulations and policies. In particular, the Company may require licences and approvals in relation to mining activities, environmental matters and the manufacture and supply of base metals. There is a risk that the Company or a joint venture that it is a party to may not obtain, or there may be a delay in obtaining, the necessary licences and approvals. This may affect the timing and scope of transactions and work that can be undertaken. Further, a failure to comply with a licence, approval or applicable law may affect the timing and scope of work that can be done. The loss of granted tenements or failure to obtain relevant approvals in relation to them may have a material adverse effect on the Company process. By way of example, in the context of the current political environment, the introduction of legislation that further restricts or inhibits base metals production, changes to strategic cropping, native title, land access or overlapping tenement arrangements or the introduction of legislation that restricts or inhibits production would likely operate to the Company's detriment.

(m) **Competition risk**

As a result of high levels of demand in the base metals industries, a shortage of supply of material, labour and services could impact adversely on production activities.

(n) **Insurance risk**

Insurance of all risks associated with base metals production is not always available and, where available, the cost can be high. The Company will have in place insurance considered appropriate for the Company's needs; however, there is no guarantee that such insurance will be sufficient in all circumstances.

(o) **Litigation risk**

The Company may be exposed to potential legal and other claims or disputes in the future which could negatively impact the Company's financial performance through damages payments and harm to reputation.

(p) **Occupational health and safety risk**

Base metals production may expose the Company's staff to potentially dangerous working environments. If any of the Company's employees suffered injury or death, compensation payments or fines may be payable and such circumstances could result in the loss of a licence or permit required to carry on the business.

(q) **Financing risk**

The Company, in order to meet future ongoing work programs, will likely require additional capital (via asset sales, farm-ins, equity, etc). There can be no assurance that sufficient capital funding will be available to the Company on favourable terms or at all. If the Company is unable to raise necessary capital, there may be a reduction in planned capital expenditure which could have a material adverse effect on the Company's ability to expand its business and/or maintain operations at current levels; this could, in turn, have a material adverse effect on the Company's business, financial condition and operations. Any additional capital requirements may dilute existing Shareholdings.

(r) **Reliance on key personnel risk**

The Company is reliant on its senior management and key personnel. There is a risk that the Company may not be able to retain or hire all necessary personnel. The Company's progress in pursuing its appraisal programs within the timeframes and currently envisaged cost structure could be influenced by the loss of existing key personnel or a failure to secure and retain additional key personnel as the Company's appraisal programs progress. The result of such loss would depend on the quality and timing of the employee's replacement. Although the Company's key personnel have a considerable amount of experience and have previously been successful in their pursuits of acquiring, exploring and evaluating mineral projects, there is no guarantee or assurance that they will be successful in their objectives.

5.4 **General investment risks**

(a) **Economic risk**

Factors such as economic outlook, inflation, currency fluctuation, interest rates, demand, global geo-political events and hostilities and industrial disruption have an impact on operating costs, base metal prices and share market conditions. The Company's future possible profitability and the market price of the Company Shares can be affected by these factors which are beyond the control of its Directors.

(b) **Investing in shares**

Once the New Shares are quoted on the ASX, their price may rise or fall and they may trade at prices below or above the Issue Price. There also can be no assurance that the New Shares will be traded actively. In common with other listed entities, the Company's Shares can be affected by factors that are unrelated to the operating performance or underlying value of the Company, such as domestic and international economic conditions. These fluctuations may adversely affect the price of the Company's Shares, including the New Shares once issued.

(c) **General economic conditions:**

The Company's operation and financial performance is affected by general economic business conditions including inflation levels, interest rates, exchange rates, government fiscal and monetary policies, and changing healthcare policy and medical reimbursement in the jurisdictions in which the Company operates. A sustained decline in general economic condition, such as an increase in interest rates, could be expected to have a material adverse effect on the Company's operation and financial standing.

(d) **Accounting standards**

Australian accounting standards are set by the Australian Accounting Standards Board (**AASB**) and are therefore outside the Directors' and the Company's control. Changes to accounting standards issued by the AASB could materially adversely affect the way in which the Company's financial performance is perceived by the market.

(e) **Taxation risks**

Changes to tax law in Australia or other jurisdictions in which the Company and its Shareholders operate may affect the Company and its Shareholders. Personal tax liabilities are the responsibility of each individual investor and the Company has no responsibility for taxation or taxation penalties incurred by its Shareholders.

(f) **Equity market conditions**

Securities listed on the stock market can experience extreme price and volume fluctuations that are unrelated to the operating performances of such companies. The market price of Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. General factors that may affect the market price of Shares include economic conditions in both Australia and internationally (particularly Australian, US and Chinese economic conditions), investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

(g) **Business factors**

The continuing economic viability of the Company will be dependent on managing risk factors normally found in conducting a business, including management of contractual risks, litigation due to breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise), strikes, lockouts, loss of services of key management or operational personnel or change in tax and accounting laws. There can be no assurance that parties with whom the Company has entered into commercial arrangements will adhere to the terms of the contracts and arrangements. There is the potential of material failure by or insolvency of any contractor used by the Company in any of its activities. Such being the case, this could cause disruption to the operations of the Company. The Company is unable to predict the risk of insolvency or other managerial failure by any of its contractors or other service providers used by the Company. All of the mentioned business factors could have a material adverse effect on the results of the operations or the financial condition of the Company.

6 Additional Information

6.1 General

This Offer Booklet and the Entitlement and Acceptance Form (**Information**) have been prepared by the Company.

This Offer Booklet is dated Tuesday, 2 July 2019.

You should read this Information carefully and in its entirety before deciding to invest in New Shares. In particular you should consider the risk factors referred to in the Risk Factors Section 5 of this Offer Booklet that could affect the performance of the Company or the value of an investment in the Company.

The past performance of the Company, and the past Share price of the Company should not be relied upon as (and is not) an indication of future performance.

No party other than the Company has authorised or caused the issue of this Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Offer Booklet.

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Offer Booklet. Any information or representation that is not in this Offer Booklet may not be relied on as having been authorised by the Company, or its related bodies corporate in connection with the Entitlement Offer.

6.2 Status of Offer Booklet

The Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow rights issues to be offered without a prospectus.

Neither this Offer Booklet nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC. This Offer Booklet is not a prospectus under the Corporations Act and no prospectus for the Entitlement Offer will be prepared. These documents do not contain, or purport to contain, all of the information that a prospective investor may require in evaluating an investment in the Company. They do not contain all the information which would be required to be disclosed in a prospectus.

6.3 Rights issue exception not available

No nominee has been appointed for Ineligible Shareholders under section 615 of the Corporations Act and, as such, Eligible Shareholders will not be able to rely on the exception for rights issues in Item 10 of Section 611 of the Corporations Act. Accordingly, when an Eligible Shareholder applies for some or all of their Entitlement, they must have regard to section 606 of the Corporations Act. Eligible Shareholders who may be at risk of exceeding the 20% Voting Power threshold in section 606 as a result of acceptance of their Entitlement should seek professional advice before completing and returning the Entitlement and Acceptance Form.

6.4 Litigation

So far as the Company is aware, there are no legal or arbitration proceedings, active or threatened against, or being brought by, the Company which may have a material effect on the Company's financial position.

6.5 No cooling-off rights

Cooling-off rights do not apply to an investment in New Shares. You cannot, in most circumstances, withdraw your application once it has been accepted.

6.6 Disclaimer and forward-looking statements

This Offer Booklet contains certain forward-looking statements. The words 'anticipate', 'believe', 'except', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target',

'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks,

uncertainties and other factors, many of which are beyond the control of the Company, and its officers, employees, agents and associates, that may cause actual results to differ materially from those expressed or implied in such statements. Actual results, performance or outcomes may differ materially from any projections and forward-looking statements. You should not place undue reliance on forward-looking statements and neither the Company nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information.

To the maximum extent permitted by law, the Company and its officers, employees, agents, associates and advisers do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of such information or likelihood of fulfilment of any forward looking statements (including, without limitation, liability for negligence).

Please refer to Section 5 (Risk Factors) of this Offer Booklet for a summary of certain risk factors which may affect the Company when considering this information. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Company.

The Company does not guarantee any particular rate of return or the performance of the Company nor does it guarantee the repayment of capital from the Company or any particular tax treatment.

6.7 **Governing law**

This Offer Booklet and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the law of Queensland, Australia. Each applicant submits to the non-exclusive jurisdiction of the courts of Queensland, Australia.

6.8 **Other interests**

Persons holding rights or interests in relation to Shares (such as options to subscribe for Shares), will not be entitled to participate in the Offer in respect of those rights or interests unless they have become entitled to exercise their right or interest under the terms of their issue and do so such that they become the holder of Shares and an Eligible Shareholder in respect of those Shares.

6.9 **Taxation**

Eligible Shareholders should be aware that there may be taxation implications of participating in the Offer. Eligible Shareholders should consult a professional taxation adviser to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances. Neither the Company, nor any of its Directors, officers, employees, agents or advisers accepts any liability or responsibility with respect to taxation consequences connected with participating in the Offer.

6.10 **Alteration of terms**

The Company reserves the right, at its discretion, to vary all or part of the Offer at any time, subject to the Corporations Act and ASX Listing Rules and any other law or regulation to which the Company is subject.

6.11 **Underwriting**

The Company has entered into an underwriting agreement with the Underwriter dated 13 May 2019 (**Underwriting Agreement**), pursuant to which the Underwriter has agreed to underwrite the Offer by procuring Applications for any New Shares that are not subscribed for by Eligible Shareholders pursuant to the Offer.

The Company has agreed to pay to the Underwriter an aggregate fee of 6% of the total gross amount underwritten by the Underwriter (**Underwriting Fee**).

The Company will also be required to indemnify the Underwriter for certain costs and expenses incurred by it in relation to the Offer, including certain legal fees.

The Underwriting Agreement contains various representations, warranties, indemnities and undertakings in favour of the Underwriter that are not unusual for an underwriting arrangement of this sort. In particular, the Underwriting Agreement contains various representations and warranties by the Company relating to the Company and its business, including information provided to the Underwriter and disclosed to the ASX. The Underwriting Agreement also imposes various obligations on the Company, including undertakings to do certain things, including providing certain notices to the Underwriter and the ASX within prescribed periods. The Underwriting Agreement also places certain restrictions on the Company for a period of three months from the date of the Underwriting Agreement, including restrictions on amendments to its constitution, disposing of the whole or a substantial part of its business or property and restrictions on the issue of Shares by the Company.

The obligation of the Underwriter to underwrite the Offer are conditional on customary conditions including, amongst others, the dispatch of this Offer Booklet and certain events not occurring during the period the Offer is open.

If certain events occur, the Underwriter have the right to terminate the Underwriting Agreement. In summary, these include:

- (a) **Disclosures in Offer Booklets:** A statement contained in the ASX Announcement dated 14 May 2019 or the Offer Booklet on the opening date, is misleading or deceptive (including by omission) or likely to mislead or deceive, or becomes misleading or deceptive, or a material matter is omitted from the ASX Announcement dated 14 May 2019 or the Offer Booklet.
- (b) **Offer Booklets do not comply:** ASX Announcement dated 14 May 2019 or the Offer Booklet, does not comply with the Corporations Act, the Listing Rules or any other applicable law.
- (c) **ASX approval:** Unconditional approval (or conditional approval subject only to customary conditions) to the official quotation of the New Shares is refused or not granted by ASX, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld, or ASX indicates to the Company or the Underwriter that approval is likely to be withdrawn, qualified (other than by customary conditions).
- (d) **Withdrawal:** the Company withdraws the Entitlement Offer.
- (e) **Certificate not provided:** SEI does not provide the compliance certificate as and when required by the Underwriting Agreement or a statement in any compliance certificate is false, misleading, inaccurate or untrue or incorrect.
- (f) **Listing:** The Company ceases to be admitted to the official list of ASX.
- (g) **Suspension:** Trading in Shares on ASX is suspended without the prior approval of the Underwriter, or the Shares cease to be officially quoted by ASX (which does not include a trading halt requested for the purposes of the Entitlement Offer).
- (h) **Index change:** The S&P/ASX 200 Index closes at a level that is 85% or less of the level of that index as at the close of trading on the business day immediately preceding the date of the Underwriting Agreement, and remains at or below that level:
 - (i) at the close of trading of ASX for 3 consecutive business days; or
 - (ii) at the close of trading on ASX on the business day immediately prior to the settlement date for the Entitlement Offer.

- (i) **Insolvency event:** An insolvency event occurs in relation to the Company or a related body corporate
- (j) **ASIC or Government Agency investigation:** ASIC or any other government agency commences or threatens to commence any hearing, inquiry, investigation, proceedings or prosecution, or takes any regulatory action or seeks any remedy, in connection with the Company, a director, officer, employee or agent of SEI, the Company Placement, the Entitlement Offer the Acquisition or the Offer Booklet.
- (k) **Failure to issue:** the Company is or becomes unable, for any reason, to issue the New Shares on completion of the Entitlement Offer (as the case may be).
- (l) **Adverse change:** Any adverse change occurs, or an event occurs which is likely to give rise to an adverse change in or affecting the general affairs, management, assets, liabilities, financial position or performance, profits, losses, prospects or condition, financial or otherwise of the Company and its related body corporates, including:
 - (i) any change in the assets, liabilities, profits, losses, earnings, prospects or forecasts of the Company and its related body corporates from those disclosed in the most recent relevant announcement to ASX; and
 - (ii) any change in the nature of the business conducted by the Company and its related body corporates or proposed to be conducted by the Company and its related body corporates.
- (m) **Change in law or policy:** Any of the following occurs which does or is likely to prohibit, restrict or regulate the Entitlement Offer or reduce the level or likely level of applications for New Shares:
 - (i) the introduction of legislation into the parliament of the Commonwealth of Australia, or any State or Territory of Australia;
 - (ii) the public announcement of prospective legislation or policy by the Australian Federal Government or the Government of any Australian State or Territory; or
 - (iii) the adoption by ASIC or its delegates or the Reserve Bank of Australia of any regulations or policy.
- (n) **Breach of law or regulations:** the Company materially contravenes the Corporations Act, the Constitution, the Listing Rules, the *Competition & Consumer Act 2010* (Cth) or any other applicable law or regulation.
- (o) **Warranties or representation untrue:** Any of the warranties or representations by the Company in the Underwriting Agreement are or become untrue or incorrect.
- (p) **Breach:** the Company is in default of any of the terms and conditions of this agreement or breaches any undertaking or covenant given or made by it under the Underwriting Agreement and that default or breach is either incapable of remedy or is not remedied by the Company within 5 Business Day after being given notice to do so by the Underwriter.
- (q) **Restricted activities:** Without the prior written consent of the Underwriter or as otherwise permitted under the Underwriting Agreement, the Company or a related body corporate:
 - (i) disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
 - (ii) ceases or threatens to cease to carry on business;
 - (iii) alters its capital structure (debt or equity);

- (iv) amends the terms of issue of the New Shares.
- (r) **Adverse change in financial markets:** Any of the following occurs:
 - (i) a general moratorium on commercial banking activities in Australia, the United States of America, the United Kingdom, Russia, New Zealand, Japan, the People's Republic of China, Singapore, Hong Kong, France, Germany, Italy and Spain not existing on the date of this agreement is declared by the relevant authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
 - (ii) trading in securities generally quoted or listed on ASX, the London Stock Exchange, the Hong Kong Stock Exchange, the New York Stock Exchange or the NASDAQ is suspended or limited in a material respect for at least one day on which that exchange is open for trading;
 - (iii) any adverse change or disruption to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in, Australia, the United States of America, the United Kingdom, Russia, New Zealand, Japan, the People's Republic of China, Singapore, Hong Kong, France, Germany, Italy and Spain or the international financial markets or any adverse change in national or international political, financial or economic conditions; or
 - (iv) after the date of this agreement, a change or development (which was not publicly known prior to the date of this agreement) involving a prospective adverse change in taxation affecting the Group, the Placement or the Entitlement Offer occurs.
- (s) **Hostilities:** There is an outbreak of hostilities (whether or not war or a national emergency has been declared) not presently existing, or a major escalation in existing hostilities occurs, or a major act of terrorism occurs in or involving any one or more of Australia, the United States of America, the United Kingdom, Russia, New Zealand, Japan, the People's Republic of China, North Korea, Singapore, Hong Kong, France, Germany, Italy and Spain or involving any diplomatic, military, commercial or political establishment of any of those countries elsewhere in the world.
- (t) **Directors and management:** Any of the following occur:
 - (i) any government agency commences any public action against a the Company, a member of management of the Company or any of a Company's directors, or announces that it intends to take that action;
 - (ii) any director of the Company is disqualified from managing a corporation under Part 2D.6 of the Corporations Act; or
 - (iii) a member of management or a director of the Company engages in any fraudulent conduct or activity.
- (u) **Proceedings – persons other than ASIC:** A person other than ASIC commences any enquiry, investigation or proceedings, or takes any regulatory action or seeks any remedy, in connection with the Company, the Offer or the Offer Booklet and the enquiry, investigation or proceedings is not disposed of or withdrawn to the Underwriter's reasonable satisfaction before 9.00am on the date of completion of the Entitlement Offer.

6.12 Disclaimer of representations

No party other than the Company has authorised or caused the issue of this Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Offer Booklet.

No person is authorised to give any information, or to make any representation, in connection with the Offer that is not contained in this Offer Booklet.

Any information or representation that is not in this Offer Booklet may not be relied on as having been authorised by the Company, or its related bodies corporate in connection with the Offer. Except as required by law, and only to the extent so required:

- (a) none of the Company, or any other person, warrants or guarantees the future performance of the Company or any return on any investment made pursuant to the Offer Booklet; and
- (b) the Company, its officers, employees and advisers disclaim all liability that may otherwise arise due to the Offer Booklet being inaccurate or incomplete in any respect.
- (c) No party other than the Company has authorised or caused the issue of this Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Offer Booklet.

7 Glossary

\$ or Dollars means dollars in Australian currency (unless otherwise stated);

AEST means Australian Eastern Standard Time;

Application means an application for New Shares pursuant to this Offer Booklet and the term **Applicant** means a person who has submitted an Application;

Application Money means the aggregate amount of money payable for New Shares applied for calculated by multiplying \$0.018 by the number of New Shares subscribed for;

Acquisition has the meaning provided in Section 2.

ASIC means the Australian Securities and Investments Commission;

ASTC means ASX Settlement Pty Ltd ACN 008 504 532;

ASX means the Australian Securities Exchange;

ASX Limited means ASX Limited ACN 008 624 691;

Board means the Directors as at the date of this Offer Booklet;

CHESS means Clearing House Electronic Sub-register System of ASTC;

Closing Date means 5:00pm AEST on the date specified in the timetable set out in Section 1 of this Offer Booklet of this Offer Booklet or such other date as may be determined by the Directors;

Company or **SEI** means Speciality Metals International Limited ABN 77 15 009 106;

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

Cronimet means Cronimet Asia Pte Ltd UEN 201217827C;

Directors means the directors of the Company;

Eligible Shareholder has the meaning set out in Section 3.3;

Entitlement and Acceptance Form means the form accompanying this Offer Booklet which sets out the entitlements of Eligible Shareholders under the Offer;

Entitlement or **Entitlements** means the non-renounceable entitlement for Eligible Shareholders to subscribe for New Shares on the basis of one (1) New Share for every five (5) Shares held on the Record Date;

Joint Venture has the meaning provided in Section 2.

Ineligible Shareholders means any Shareholder who is not an Eligible Shareholder;

Institutional Investors means a person:

- (a) to whom an offer of Shares in the Company could be made in Australia without a disclosure document (as defined in the Corporations Act); or
- (b) in selected jurisdictions outside Australia, to whom an offer of Shares in the Company could be made without registration, lodgement of a formal disclosure document or other formal filing in accordance with the laws of that foreign jurisdiction;

Issue Price means \$0.018 per New Share;

Listing Rules means the official listing rules of ASX Limited, as amended from time to time;

MCQ or Mt Carbine Quarries Pty Ltd means Mt Carbine Quarries Pty Ltd ACN 065 645 650;

Mt Carbine Quarries Pty Ltd Share Sale Agreement means the Mt Carbine Quarries Pty Ltd Share Sale Agreement entered into between the Company and Geoffrey Nicholson on 14 May 2019;

Mt Carbine Transaction has the meaning provided in Section 2.

New Share or New Shares means a new fully paid share in the capital of the Company to be issued pursuant to the Offer;

Offer or Entitlement Offer means the entitlement offer for New Shares set out in this Offer Booklet;

Offer Booklet means this offer booklet dated Tuesday, 2 July 2019 and includes any amended or replacement summary document;

Performance Rights means the 25,000,000 performance rights issued by the Company and detailed in Section 3.6.

Placements means the Tranche 1 Placement and Tranche 2 Placement; at an issue price of \$0.018 per Share, to raise a total of \$4,378,166;

Record Date means 7.00pm AEST on the date specified in the timetable set out in Section 1 of this Offer Booklet of this Offer Booklet;

Registered Address means, in respect of a Shareholder, the address that is recorded in the Company's share register as being the address for the Shareholder;

Regulation S means Regulation S promulgated under the US Securities Act;

Share Registry means Computershare Investor Services Pty Limited ACN 078 279 277;

Shareholder means a holder of a Share;

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

Shortfall means the extent to which Eligible Shareholders do not subscribe for New Shares pursuant to the Offer;

Tranche 1 Placement means the issue of 83,231,463 Shares on Thursday, 16 May 2019 to Institutional Investors;

Tranche 2 Placement means the issue of 160,000,000 Shares on Wednesday, 26 June 2019 to Institutional Investors;

Underwriter means Rymill Global Venture Ltd;

Underwriting Agreement means the underwriting agreement between the Underwriter and the Company dated Monday, 13 May 2019, as summarised in Section 6.11;

US Person means, among other things and subject to certain exceptions:

- (a) any natural person resident in the US;
- (b) any partnership, corporation or other entity organised or incorporated in the US;
- (c) any trust of which any trustee is a US person;
- (d) any agency or branch of a foreign entity located in the US;
- (e) any account held by a dealer or other fiduciary that either is organised, incorporated or resident in the US or holds for the benefit or account of a US Person; or
- (f) any partnership or corporation that is organised or incorporated in a foreign jurisdiction by a US person principally for the purpose of investing in securities not registered under the US Securities Act;

US Securities Act means the *United States Securities Act of 1933*, as amended; and
Voting Power has the meaning given to that term in the Corporations Act.

Schedule 1 – ASX Announcement dated 14 May 2019



Speciality Metals International Limited

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14 May 2019

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BINDING AGREEMENT EXECUTED FOR THE PURCHASE OF MT CARBINE QUARRIES PTY LTD AND JOINT VENTURE WITH CRONIMET ASIA PTE LTD

Highlights

- Speciality Metals International Limited (ASX:SEI) (**Speciality Metals** or **Company**) is pleased to announce that it has signed transaction documents (**Transaction Documents**):
 - for the acquisition of 100% of Mt Carbine Quarries Pty Ltd (**Mt Carbine Quarries**), an entity that owns and operates the Mt Carbine quarry and mining leases ML4867 and ML4919 (**Mining Leases**) (**Acquisition**). Settlement scheduled for 28 June 2019;
 - for the unincorporated Joint Venture between Speciality Metals and Cronimet Asia Pte Ltd (**Cronimet**) for the development of the Mt Carbine Tungsten Tailings Retreatment and Stockpile Projects (**Joint Venture**). Production from the tailings retreatment is expected to commence during the 4th quarter of 2019.

Cronimet is a subsidiary of the privately owned Cronimet Holding GmbH which was founded in 1980 as a raw materials service provider and trader in Karlsruhe, Germany. The Cronimet Group has grown organically since then to become a diversified commodity group with over 5,200 employees and activities in over 50 countries. Further information can be found on the Cronimet website.
- FIRB approval received for the Joint Venture.
- Acquisition to be financed on a 4 step, fully underwritten basis:
 - Tranche 1 – Placement of 83,231,463 ordinary shares at A\$0.018 to raise A\$1,498,166 to be completed on or about 16 May 2019;
 - Tranche 2 – Placement of 160,000,000 ordinary shares at A\$0.018 to raise A\$2,880,000 subject to shareholder approval;
 - Entitlement Offer (Rights Issue) to all shareholders on a 1 for 5 basis at A\$0.018; and
 - Offtake Advance of US\$3,500,000 to be paid by Cronimet.
- Appointment of two Non-executive Directors to the Board of Speciality Metals post completion of the Acquisition, namely Mr Oliver Kleinhempel, Managing Director of Cronimet Holding GmbH, and Mr Yeo Zhui Pei. Their details are provided later in this announcement.

Speciality Metals Executive Chairman, Russell Krause, commented:

"This transaction has been many months in the making and upon completion will enable our Company to properly unlock the long-recognised value of the Mt Carbine Tungsten Project. The Joint Venture with Cronimet and the technical expertise which comes with it, will completely reposition Speciality Metals and project it to the forefront of tungsten miners globally."

"Over the past few months our team has worked closely and co-operatively with the Cronimet team and believe we are now in a position to shortly commence tungsten concentrate production at Mt Carbine at the lower-end of the production cost curve."

"I am very excited about the opportunity this arrangement brings and I am looking forward to a long and profitable relationship with Cronimet," Mr Krause concluded.

Commercial Terms

The key commercial terms of the Transaction Documents for the Acquisition are summarised below:

Documentation:	The Acquisition is documented under the Sale and Purchase Agreement – Mt Carbine Quarries Pty Ltd between Speciality Metals, Geoffrey Nicholson (Vendor) and Mt Carbine Quarries
Date:	14 May 2019
Conditions Precedent:	Completion of the Placements (see detailed below).
Purchase Price:	A\$8,000,000
Deposit	A deposit of A\$250,000 will be paid to the Vendor on or about 17 May 2019. This deposit is refundable to Speciality Metals in the event of default by the Vendor under the Sale and Purchase Agreement – Mt Carbine Quarries Pty Ltd.

The key commercial terms of the Transaction Document for the Joint Venture are summarised below:

Documentation:	<p>The joint venture is documented under the terms of:</p> <ul style="list-style-type: none"> • Offtake Advance Agreement – between Cronimet, CR Australia Pty Ltd (a subsidiary of Cronimet) (Cronimet Australia), Mt Carbine Retreatment Pty Ltd (a subsidiary of Speciality Metals) (Mt Carbine Retreatment); • Retreatment Operations Product Offtake Agreement – between Cronimet, Cronimet Australia and Mt Carbine Retreatment; • Retreatment Operations Unincorporated Joint Venture and Management Agreement – between Cronimet Australia, Mt Carbine Retreatment and Mt Carbine Retreatment Management Pty Ltd (the Manager); • Agreement to Execute between Speciality Metals, Cronimet, Cronimet Australia and Mt Carbine Retreatment for the entry into of the following, immediately following the acquisition of Mt Carbine Quarries: <ul style="list-style-type: none"> ○ Retreatment Operations Sub-Lease between Mt Carbine Quarries, Cronimet Australia and Mt Carbine Retreatment; ○ Tenement Mortgage (Limited Recourse) between Mt Carbine Quarries and Cronimet; and ○ Cross Security Deed – between Mt Carbine Quarries, Cronimet Australia and Mt Carbine Retreatment, • Retreatment Plant Sale Agreement – between Speciality Metals, Cronimet Australia and Mt Carbine Retreatment; and • Cross Security Deed – between Cronimet, Cronimet Australia and Mt Carbine Retreatment, <p>(together the "Joint Venture Documents").</p>					
Date:	14 May 2019					
Conditions Precedent:	<p>The Joint Venture Documents are subject to a number of condition precedents. A number of these have been satisfied. These are detailed below:</p> <table border="1"> <thead> <tr> <th>Condition precedent</th> <th>Satisfied / not satisfied</th> </tr> </thead> <tbody> <tr> <td> Transaction Documents Execution of the Transaction Documents and any conditions precedent in those Transaction Documents having been satisfied or waived in accordance with those documents. </td> <td> This condition will be satisfied once the Tranche 1 Placement and Tranche 2 Placement have been completed. Speciality Metals will announce the commencement of the Joint Venture to the ASX. </td> </tr> </tbody> </table>		Condition precedent	Satisfied / not satisfied	Transaction Documents Execution of the Transaction Documents and any conditions precedent in those Transaction Documents having been satisfied or waived in accordance with those documents.	This condition will be satisfied once the Tranche 1 Placement and Tranche 2 Placement have been completed. Speciality Metals will announce the commencement of the Joint Venture to the ASX.
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	<p>FIRB Approval</p> <p>The Treasurer of the Commonwealth of Australia giving written notice of a decision that the Commonwealth Government has no objection to the acquisition of the interests in the Mining Leases by:</p> <ul style="list-style-type: none"> • Cronimet Asia under the Tenement Mortgage (Limited Recourse); or • Cronimet Australia under the Retreatment Operations Sub-Lease <p>and that notice is either free from conditions or subject to conditions that are acceptable to Cronimet Australia (in its absolute discretion).</p>	Satisfied on 17 April 2019.
<p>The Joint Venture</p>	<p>Under the Retreatment Operations Joint Venture and Management Agreement, the Company and Cronimet have agreed to establish an unincorporated Joint Venture for the stockpile and tailings retreatment operations of Mt Carbine Quarries (Retreatment Operations).</p> <p>The Joint Venture is held 50% each by:</p> <ul style="list-style-type: none"> • Mt Carbine Retreatment, a wholly owned subsidiary of Speciality Metals; and • Cronimet Australia, a wholly owned subsidiary of Cronimet, <p>(together the 'Joint Venture Parties').</p> <p>All rights/liabilities/costs of the Retreatment Operations will be owned/paid by the Joint Venture Parties 50:50.</p>	
<p>The Sub-lease</p>	<p>Following completion of the acquisition of Mt Carbine Quarries, Mt Carbine Quarries will enter into the Retreatment Operations Sub-Lease and grant a Sub-lease to the Sub-lease Area to the Joint Venture Parties (Sub-Lease).</p> <p>Under the Sub-lease, Mt Carbine Quarries grants the Joint Venture Parties access and other rights to enable the Joint Venture Parties to conduct the Retreatment Operations within the Sub-lease Area.</p> <p>The Sub-Lease contains a licence back to Mt Carbine Quarries (and otherwise permits Mt Carbine Quarries) to carry out the quarrying operations on the Sub-lease Area.</p> <p>In consideration for the Sub-Lease, the Joint Venture Parties will pay a rental to Mt Carbine Quarries of 2.5% of the value of the minerals extracted from the Sub-lease Area, after deduction of certain direct Sub-lease maintenance expenses.</p>	
<p>Management of the Joint Venture</p>	<p>As detailed in the Retreatment Operations Joint Venture and Management Agreement, the Joint Venture will be managed by the Manager, an entity held 50% each by the Joint Venture Parties.</p> <p>The Manager will conduct the day to day operations of the Joint Venture. The Manager will follow all decisions of the Joint Venture Parties.</p>	
<p>Offtake Advance</p>	<p>Cronimet will provide an offtake advance of US\$3.5 million (Offtake Advance) to each of Mt Carbine Retreatment (US\$1.75 million) and Cronimet Australia (US\$1.75 million) under the terms of the Offtake Advance Agreement.</p> <p>Mt Carbine Retreatment and Cronimet Australia will each pay US\$1.5 million (US\$3 million in total) to Speciality Metals in consideration for the transfer of retreatment assets from Speciality Metals to the Joint Venture Parties and as a pre-payment of rent under the Sub-Lease.</p> <p>The balance US\$500,000 (held by Mt Carbine Retreatment (US\$250,000) and Cronimet Australia (US\$250,000), will fund the Joint Venture.</p> <p>The Offtake Advance will be payable once the shares under the Tranche 2 Placement have been issued.</p>	

	<p>The Offtake Advance is a component of the Funding and will be used to part fund the purchase price under the Sale and Purchase Agreement for the purchase of Mt Carbine Quarries.</p> <p>Repayment of the Offtake Advance will be from net profits of sale of production from the Retreatment Operations.</p>
Offtake Rights for Open Pit Operations	<p>With the intention of the Company to also develop the open pit and underground operations for production of tungsten concentrate from other parts of the Mining Leases (Open Pit Operations) and once the Open Pit Operations commence, Cronimet is given a once off first right of refusal to enter into an exclusive offtake arrangement for all tungsten concentrate produced from the Open Pit Operations, for the life of all Open Pit Operations.</p>
Securities	<p>Securities for the Offtake Advance are as follows:</p> <ul style="list-style-type: none"> • General Security Deed from Mt Carbine Retreatment over all its present and after acquired assets; • General Security Deed from Cronimet Australia over all its present and after acquired assets; and • Mortgage from Mt Carbine Quarries over Mining Leases 4867 and 4919. This mortgage also includes an interest over 'Featherweight Property' which is all other property of Mt Carbine Quarries other than the mining leases. However, the mortgage over the Featherweight Property only attaches in the event of the voluntary administration of the company and is simply a device used to avoid the moratorium imposed on lenders who do not have interests over all of the property of a company in administration. The mortgage is limited recourse, in that it is limited to the value of the mining leases. <p>Securities in relation to the Joint Venture are as follows:</p> <ul style="list-style-type: none"> • Deed of Cross Security between the Joint Venture Parties and the Manager which secures the performance of their obligations to each other under the Joint Venture. • General Security Deed from Mt Carbine Quarries in favour of the Joint Venture Parties over all present and after acquired property of Mt Carbine Quarries including its rights under the Mining Leases.

Shareholder approval for the Acquisition and/or the Joint Venture is not required.

New Directors

On completion of the Acquisition of Mt Carbine Quarries, Speciality Metals will appoint two new Non-executive Directors to the Speciality Metals' Board, namely Oliver Kleinhempel, a representative of Cronimet and Mr Yeo Zhui. A brief biography of each of these proposed Directors is provided below:

Mr Oliver Kleinhempel	<p>Mr Kleinhempel will be appointed a Non-Executive Director of the Company. Mr Kleinhempel started his career at Outotec, a leading Minerals & Metals Processing Technology Company, where he spent several years in Europe, South America and Southeast Asia on various assignments. In the recent 8 years Mr Kleinhempel held various Executive Management positions in the project development, finance and commodity trading sector, with a regional focus on Asia-Pacific.</p> <p>Mr Kleinhempel holds a Bachelor's Degree in Business Administration from the Cooperative State University Baden-Wuerttemberg (Germany) and obtained a Master's Degree from the Mining Institute of the Clausthal University of Technology (Germany).</p> <p>Mr Kleinhempel is also a Managing Director of CRONIMET Holding GmbH.</p>
Mr Yeo Zhui Pei	<p>Mr Yeo Zhui Pei will be appointed a Non-Executive Director of the Company. In 2012, Mr Yeo graduated with first class honours from the Imperial College London in Electrical and Electronic Engineering. Since then, Mr Yeo has been working at a leading system integrator in the telecommunications industry in South-East Asia. Over the years, he has taken on executive, management and supervisory roles. This has allowed him to gain a wide range of experience from project planning to resource management to commercial negotiations. Mr Yeo is also a Director of a steel-product manufacturer.</p>



Funding – Tranched Placements, Entitlement Offer and Offtake Advance

The purchase price for the Acquisition and the general working capital for Mt Carbine Quarries Pty Ltd will be funded from the following:

- **Offtake Advance** - US\$3,000,000 Offtake Advance paid to the Joint Venture Parties under the terms of the Offtake Advance Agreement and then paid by the Joint Venture Parties to Speciality Metals under the Retreatment Plant Sale Agreement and Sub-Lease.
- **Placements** - a two-tranche placement to sophisticated and professional investors to raise in aggregate a total of approximately A\$4,378,166 (before costs) through the issue of approximately 243,231,463 Shares at an issue price of A\$0.018 per Share (together, the **Placements**).
- **Entitlement Offer** - an underwritten non-renounceable entitlement offer on a 1 for 5 basis at an issue price of A\$0.018 per Share to raise approximately A\$2,873,188 through the issue of approximately 159,621,576 Shares (**Entitlement Offer**).

The Offtake Advance, Placements and Entitlement Offer are together referred to as the '**Funding**'.

Placements

The Placements are to be completed in the following two tranches, namely:

Tranche	Number of Shares	Price per share	Condition precedent to issue	Issue date / Proposed issue date
Tranche 1 Placement	83,231,463 Shares	A\$0.018 per Share to raise a total of A\$1,498,166 (before costs)	Nil. Issued under the Company's Listing Rule 7.1 placement capacity.	The Tranche 1 Placement Shares are proposed to be issued on 16 May 2019 following receipt of funds. Please refer to the Timetable detailed in this Announcement below.
Tranche 2 Placement	160,000,000 Shares	A\$0.018 per Share to raise a total of A\$2,880,000 (before costs)	The issue is subject to Shareholder approval under ASX Listing Rule 7.1	The Tranche 2 Placement Shares are proposed to be issued after Shareholder approval under ASX Listing Rule 7.1 is received. It is anticipated that the issue date will be on or about 25 June 2019. Please refer to the Timetable detailed in this Announcement below.

Entitlement Offer

The Entitlement Offer is proposed to proceed on the following terms:

Number of Shares	159,621,576 Shares
Shareholders eligible to take part in the Entitlement Offer	Eligible Shareholders are persons who are registered as a holder of Shares as at the Record Date that: <ul style="list-style-type: none"> • have a Registered Address in Australia, New Zealand, Singapore Malaysia, the United Kingdom or the British Virgin Islands; and; • is not located in the United States and are not a US Person or acting for the account of or benefit of a person in the United States or a US Person; and • are (in all cases) eligible under applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.
Price per share	A\$0.018 per Share
Condition precedent to issue	Nil
Proposed issue date	Please refer to the Timetable detailed in this Announcement below.

Offtake Advance

The Offtake Advance will be paid once the shares under the Tranche 2 Placement have been issued.

Timetable - Funding and the Acquisition

The timetable for the Capital Raisings and the Acquisition is provided below:

Activity	Date
Entry into Transaction Documents	Tuesday 14 May 2019
Issue of the Shares under the Tranche 1 Placement	Thursday, 16 May 2019
General meeting of Shareholders to approve the issue of shares under the Tranche 2 Placement	Monday, 17 June 2019
Issue of the Shares under the Tranche 2 Placement	Tuesday, 25 June 2019
Commencement of the Joint Venture	Tuesday, 25 June 2019
Expected date for completion of the acquisition of Mt Carbine Quarries	Friday, 28 June 2019
Lodgment of documentation for the Entitlement Offer	Tuesday, 2 July 2019
Record Date for the Entitlement Offer	Friday, 5 July 2019
Entitlement Offer opens	Monday, 8 July 2019
Entitlement Offer closes	Friday, 19 July 2019
Issue of Shares issued under the Entitlement Offer	Friday, 26 July 2019
ASX trading for Shares issued under the Entitlement Offer	Monday, 29 July 2019

The above dates are indicative only and may be subject to change, subject to the Corporations Act, the Listing Rules and other applicable laws.

About Speciality Metals International Limited

Speciality Metals plans to be a pre-eminent Australian tungsten producer from the historic Mt Carbine tungsten mine in Far North Queensland.

The Company's exploration portfolio includes the following diversified projects:

- Lithium and other valuable mineral resources such as potassium, iodine and boron contained in subsurface brines within its Chilean exploration concessions; and
- Gold Exploration Licences (Panama Hat and Crow Mt) in New South Wales, Australia,

Concurrently, the Company maintains, with the intention of redeveloping, its world-class tungsten assets at Mt Carbine in Far North Queensland, Australia which consist of the Mt Carbine Tungsten Mine and the Iron Duke and Petersens Lode Exploration Permits.

The Company aims to create shareholder value through the exploration and development of its current portfolio, whilst continuing to evaluate corporate and exploration opportunities within the speciality metals sector.



RH Krause
Executive Chairman
Speciality Metals International Limited

8 Corporate Directory

ASX code: SEI

Board of Directors

Russell H Krause
(Executive Chairman)
Stephen Layton
(Non-executive Director)
Roland W Nice
(Non-executive Director)

Auditors

Nexia Melbourne Audit Pty Ltd
Level 12, 31 Queen Street
Melbourne VIC 3000

Lawyers

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