



# Speciality Metals International Limited

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**SPECIALITY METALS INTERNATIONAL LIMITED**

**ACN 115 009 106**

**NOTICE OF GENERAL MEETING**

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**TIME:** 10:30am (AEST)  
**DATE:** 22 June 2018  
**PLACE:** The offices of  
Baker McKenzie  
Level 19, 181 William Street  
Melbourne 3000 VIC

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

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (03) 9614 0600.*



# NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Shareholders of the Company will be held at the offices of Baker McKenzie, Level 19, 181 William Street, Melbourne on Friday 22 June 2018 commencing at 10:30am.

The Explanatory Statement to this Notice of General Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

## **AGENDA**

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### **RESOLUTION 1 – APPROVAL OF PRIOR ISSUE OF ORDINARY SHARES**

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

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Company approves and ratifies the prior issue and allotment of 68,000,000 ordinary fully paid Shares at an issue price of \$0.025 as specified in and on such terms and conditions referred to in, the Explanatory Memorandum accompanying this Notice.”*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast on Resolution 1 by any person who participated in the issue and any associates of those persons.

However, the Company need not disregard a vote on Resolution 1, if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
  - (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
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### **RESOLUTION 2 – APPROVAL TO ISSUE SHARES TO A DIRECTOR**

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

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, shareholder approval is given for the Company to issue to Mr Stephen Layton, a Director of the Company, or his nominee(s) 4,000,000 fully paid ordinary shares at an issue price of \$0.025 per share on the basis as set out in the attached Explanatory Memorandum.”*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of Resolution 2 by Mr Stephen Layton, as a Director of the Company, and any associate of Mr Layton.

However, the Company need not disregard a vote on Resolution 2, if:

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

### **Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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### **RESOLUTION 3 – REMOVAL OF AUDITOR**

To consider and, if thought fit, pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That BDO Audit (Nth Qld) Pty Ltd, the current auditor of the Company, be removed as the auditor of the Company effective from the date of the Meeting.”*

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### **RESOLUTION 4 – APPOINTMENT OF AUDITOR**

To consider and, if thought fit, pass, with or without amendment, the following resolution as a **special resolution**:

*“That, subject to the passing of Resolution 3, Nexia Australia, being qualified to act as auditor of the Company and having consented to act as auditor of the Company, be appointed as the auditor of the Company effective from the date of the Meeting and that they be paid usual and proper professional fees as remuneration.”*

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### **RESOLUTION 5 – ADOPTION OF NEW EQUITY INCENTIVE PLAN**

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

*“That, for the purposes of Exception 9 of Listing Rule 7.2 and for all other purposes, approval is given for the Speciality Metals International Limited Equity Incentive Plan, the terms which are summarised in Schedule 1 of the Explanatory Statement, and to issue equity securities under the Speciality Metals International Limited Equity Incentive Plan during the 3 years following the date of the General Meeting at which this Resolution is passed.”*

### **Voting Exclusion Statement:**

The Company will disregard any votes cast on Resolution 5 by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and an associate of a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company).

However, the Company need not disregard a vote on Resolution 5, if:

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

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 5 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 5; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 5. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 5, in which case an ASX announcement will be made.

Shareholders may also choose to direct the Chair to vote against Resolution 5 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

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## **RESOLUTION 6 – APPROVAL OF PROPOSED ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR – MR RUSSELL HENRY KRAUSE**

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

*“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue 15,000,000 performance rights with each Performance Right having a nil exercise price and an expiry date of 2 years after the date of issue, to Mr Russell Henry Krause (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

### **Voting Exclusion Statement:**

The Company will disregard any votes cast on Resolution 6 by Mr Russell Henry Krause or his nominee and by any associate of Mr Russell Henry Krause or his nominee. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- (b) it is not cast on behalf of Mr Russell Henry Krause or his nominee or an associate of Mr Russell Henry Krause or his nominee.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 6 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 6; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 6. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 6, in which case an ASX announcement will be made.

Shareholders may also choose to direct the Chair to vote against Resolution 6 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

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**RESOLUTION 7 – APPROVAL OF PROPOSED ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR – MR STEPHEN LAYTON**

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

*“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue 5,000,000 performance rights with each Performance Right having a nil exercise price and an expiry date of 2 years after the date of issue, to Mr Stephen Layton (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:**

The Company will disregard any votes cast on Resolution 7 by Mr Stephen Layton or his nominee and by any associate of Mr Stephen Layton or his nominee. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- (b) it is not cast on behalf of Mr Stephen Layton or his nominee or an associate of Mr Stephen Layton or his nominee.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 7 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 7; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 7. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 7, in which case an ASX announcement will be made.

Shareholders may also choose to direct the Chair to vote against Resolution 7 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

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**RESOLUTION 8 – APPROVAL OF PROPOSED ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR – MR ROLAND WAYNNE NICE**

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

*“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue 5,000,000 performance rights with each Performance Right having a nil exercise price and an expiry date of 2 years after the date of issue, to Mr Roland Wayne Nice (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:**

The Company will disregard any votes cast on Resolution 8 by Mr Roland Wayne Nice or his nominee and by any associate of Mr Roland Wayne Nice or his nominee. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- (b) it is not cast on behalf of Mr Roland Wayne Nice or his nominee or an associate of Mr Roland Wayne Nice or his nominee.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 8 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 8; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 8. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 8, in which case an ASX announcement will be made.

Shareholders may also choose to direct the Chair to vote against Resolution 8 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

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**Eligibility to Vote**

For the purposes of Rule 7.11.37 of the Corporations Regulations, the Directors have set 7.00 pm Melbourne Time on Wednesday 20<sup>th</sup> June 2018 as the time and date to determine holders of the Company's Shares for the purposes of this General Meeting. Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

On a show of hands every Shareholder has one vote, and on a poll, every Shareholder has one vote for each Share held.

**Voting Intentions of the Chairman**

The Chairman intends to vote all undirected proxies in favour of all Resolutions.

**Proxies**

Any Shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of that Shareholder.

The proxy does not need to be a Shareholder of the Company.

A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

Proxies must be:

- (a) lodged at the Company's share registry, Computershare Investor Services Pty Limited, or
- (b) faxed to the fax number specified below,

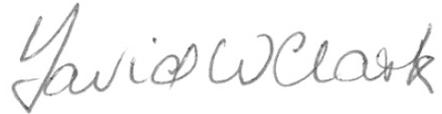
To be effective, proxy forms must be received by the Company or share registry at least 48 hours before the time for holding the meeting.

Address (postal deliveries): GPO Box 242, Melbourne, VIC, Australia, 3001  
Fax number for lodgement: 1800 783 447 or +61 3 9473 2555

The proxy form has been enclosed. Please read all instructions carefully before completing the proxy form.

Dated at Sydney this 18<sup>th</sup> day of May 2018

**BY ORDER OF THE BOARD**

A handwritten signature in cursive script that reads "David Clark". The signature is written in dark ink and is positioned above the printed name and title.

David Clark  
Company Secretary

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the General Meeting to be held at the offices of Baker McKenzie, Level 19, 181 William Street, Melbourne on Friday, 22<sup>nd</sup> June, 2018 commencing at 10:30am Melbourne Time.

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

### **Voting Exclusion Statement:**

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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### **RESOLUTION 1 – APPROVAL OF PRIOR ISSUE OF ORDINARY SHARES**

Resolution 1 is in respect of the issue of 68,000,000 ordinary fully paid Shares.

On 6 February 2018, the Company issued 68,000,000 Shares to institutional and sophisticated investors in Australia and internationally, at an issue price of \$0.025 to raise A\$1,700,000. Proceeds from the Placement are being used to further develop its Chilean exploration and NSW Gold programs. The Company is also using these funds to part settle the purchase of the Mt Carbine Quarry and Mining Leases.

The 68,000,000 Shares were issued pursuant to the Company's capacity under ASX Listing Rule 7.1. Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares.

ASX Listing Rule 7.1 provides that without Shareholder approval, a company must not in the absence of an exception issue or agree to issue new "equity securities" constituting more than 15% of its total ordinary Shares on issue within a twelve (12) month period, excluding any issue of Shares approved by Shareholders.

However, ASX Listing Rule 7.4 allows an issue of securities made without the approval of Shareholders to be treated as having been made with approval, for the purposes of ASX Listing Rule 7.1, provided the issue did not breach ASX Listing Rule 7.1 and Shareholders subsequently approve the issue.

Shareholder approval is now sought pursuant to ASX Listing Rule 7.4 to approve the prior issue so that the Company retains its capacity to issue up to a full 15% of its issued capital, if required, in the next twelve (12) months without Shareholder approval.

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to ASX Listing Rule 7.4:

- (i) the total number of ordinary fully paid Shares issued is 68,000,000;
- (ii) the issue price of the ordinary Shares is an issue price of \$0.025 per Share;
- (iii) the ordinary fully paid Shares issued rank equally with the Company's existing ordinary Shares on issue;
- (iv) the Shares were issued to institutional and sophisticated investors in Australia and internationally, who are not related parties to the Company;
- (v) proceeds from the Placement are being used to further develop its Chilean exploration and NSW Gold programs. The Company is also using these funds to part settle the purchase of the Mt Carbine Quarry and Mining Leases.
- (vi) no related parties participated in the above equity security issue; and
- (vii) the issue of the above equity securities when made did not breach ASX Listing Rule 7.1.

The Board unanimously recommends that members vote in favour to approve the prior issue of ordinary Shares.

A voting exclusion statement has been included with Resolution 1.

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## RESOLUTION 2 – APPROVAL TO ISSUE SHARES TO A DIRECTOR

Resolution 2 seeks Shareholder approval for the Company to issue a total of 4,000,000 ordinary Shares to Mr Stephen Layton or his nominee at an issue price of \$0.025 (“Director Shares”).

### Disclosures required for Resolution 2

Shareholder approval for the issue of the Director Shares the subject of Resolution 2 is sought for the purposes of ASX Listing Rule 10.11 which provides that except in certain circumstances, (which do not apply in the present case), a company listed on the ASX cannot issue or grant securities to a related party without prior shareholder approval.

As approval of Shareholders is being sought for Resolution 2 pursuant to ASX Listing Rule 10.11, shareholder approval under Listing Rule 7.1 is not required, in accordance with Exception 14 of Listing Rule 7.2.

### Information required by Listing Rule 10.13

Listing Rule 10.11 provides that a company must not issue or agree to issue securities to a related party without first obtaining the approval of shareholders by ordinary resolution. As Resolution 2 relates to the issue of securities to a Director, Shareholder approval must be obtained.

Listing Rule 10.13 requires the following information to be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to Listing Rule 10.11:

<b>Director Shares to be issued to:</b>	Mr Stephen Layton or his nominee(s).
<b>Number of Director Shares to be issued:</b>	4,000,000
<b>Date of Issue:</b>	As soon as practicable after the date of the General Meeting, but in any event no later than one (1) month after the date of the meeting.
<b>Consideration:</b>	The issue price will be \$0.025 per Director Share.
<b>Terms and conditions:</b>	The Director Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
<b>Funds:</b>	Proceeds from the Placement will be used to further develop its Chilean exploration and NSW Gold programs. The Company will also use these funds to part settle the purchase of the Mt Carbine Quarry and Mining Leases.

In addition, the following information is provided to Shareholders to allow them to assess the proposed issue:

- (a) Mr Layton is a related party of the Company to whom the financial benefit would be given if Shareholders approve Resolution 2.
- (b) The current share price as at 4 May 2018 is 2.4 cents. This is below the issue price at which Mr Layton would subscribe.
- (c) Mr Layton declines to make a recommendation about Resolution 2 as he has a material personal interest in the outcome of the Resolution.
- (d) The Board, with the exception of Mr Layton, recommends that shareholders vote in favour of Resolution 2.
- (e) As announced on 31 January 2018, the Company raised A\$1.8 million before costs through a placement of shares to institutional and sophisticated investors (the "Placement"). The majority of this Placement, namely 68,000,000 shares, was allotted on 6 February 2018 after the receipt by the Company of A\$1.7 million. Resolution 2 seeks Shareholder approval for the issue of 4,000,000 Shares to Mr Layton or his nominee(s) arising from the participation by Mr Layton in the Placement. Should Resolution 2 receive shareholder approval, the Company will receive funds in the sum of \$100,000 from Mr Layton and total funds raised from the placement announced on 31 January 2018 will equal A\$1.8 million.

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## **RESOLUTIONS 3 AND 4 – CHANGE OF AUDITOR**

### **Resolution 3 – Removal of Auditor**

In accordance with section 329 of the Corporations Act, an auditor of a company may be removed from office by resolution at a general meeting of which two (2) months notice of intention to move the resolution has been given (**Notice of Intention**).

It should be noted that under this section, if a company calls a meeting after the Notice of Intention has been given, the meeting may pass the resolution even though the meeting is held less than 2 months after the Notice of Intention is given.

Resolution 3 is an ordinary resolution seeking the removal of BDO Audit (Nth Qld) Pty Ltd as the auditor of the Company. An auditor may be removed in a general meeting provided that the Notice of Intention to remove the auditor has been received from a member of the company. A copy of the Notice of Intention is set out in Schedule 4 to this Notice.

The Company has received the Notice of Intention to move a resolution for the removal of BDO Audit (Nth Qld) Pty Ltd as auditor of the Company. In accordance with section 329(2) of the Corporations Act, a copy of the notice has been provided to BDO Audit (Nth Qld) Pty Ltd and the Australian Securities and Investments Commission in accordance with the Corporations Act.

The Company has been pleased with the service level BDO Audit (Nth Qld) Pty Ltd has provided since 2012 however, following a review of its audit requirements, the Board believes it is now appropriate to change auditor for the Company.

The Board does not believe that the audit quality will be diminished as a result of changing auditors.

The Directors recommend that Shareholders vote in favour of this resolution.

### **Resolution 4 – Appointment of Auditor**

The Board conducted a tender process and received and reviewed proposals from three (3) audit firms to provide independent external audit services to the Company. The Board have recommended that Nexia Australia be appointed as auditor to the Company.

Under section 327D of the Corporations Act, the Company in a general meeting may appoint an auditor to replace an auditor removed under section 329 of the Corporations Act.

Resolution 4 is a special resolution seeking the appointment of Nexia Australia (Nexia) as the new auditor of the Company. Resolution 4 is subject to the passing of Resolution 3.

As required by the Corporations Act, a nomination for Nexia to be appointed as the auditor of the Company has been received from a member. A copy of the nomination of Nexia as auditor is set out in Schedule 4 to this Notice.

In accordance with section 328A(1) of the Corporations Act, Nexia has given its written consent to act as the Company's auditor and is subject to shareholder approval of this resolution.

If Resolutions 3 and 4 are passed, the appointment of Nexia as the Company's auditor will take effect at the close of this Meeting.

The notice of intention to appoint Nexia Australia was provided to the Company within two (2) months of the date for this meeting.

The Directors recommend that Shareholders vote in favour of this resolution.

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## **RESOLUTION 5 – ADOPTION OF NEW EQUITY INCENTIVE PLAN**

### **(A) Background**

Due to the Company's advancing exploration development, corporate growth and increasing number of executives, employees and consultants, the Board has conducted a detailed evaluation of the alternatives available to attract, retain, incentivise and reward its personnel.

Whilst the Board wishes to adopt a more equitable, and market based, incentive scheme which acknowledges the need to adequately incentivise and remunerate officers, contractors and staff, the Company wishes to invest the vast majority of its cash reserves in exploration and project development efforts.

Equity based incentives therefore provide a viable means of recognising and rewarding performance.

The key foundations of the equity incentive program is the Speciality Metals International Limited Equity Incentive Plan (the "Plan") which is an integrated strategy regarding the use of equity as part of the Company's overall remuneration policy – a summary of the Plan is included in Schedule 1.

The Plan is designed to:

- (a) provide a cost-effective way to remunerate;
- (b) align incentives with shareholder interests;
- (c) encourage broad-based share ownership by employees; and
- (d) assist attraction and retention.

The Board has the power to establish and to generally issue options, shares or performance rights under the Plan. Performance rights and options are rights to acquire shares subject to satisfaction of specified vesting conditions in a specified performance period.

The Board considers it prudent to seek shareholder approval so that such issues will not be taken into account for the purposes of the 15% limit under Listing Rule 7.1. The Board considers it desirable to maintain this flexibility to access capital through subsequent issues as required.

The current Speciality Metals International Limited Awards Plan was approved by Shareholders on 24 November 2015. Due to recent legislative and taxation changes a review was conducted by the Board and it has been decided to terminate the current Awards Plan. The 2015 Awards Plan is outdated and not fit for purpose or current market practices to allow the flexibility the Board requires to align with a more equitable, and market based, incentive scheme for the Company.

Under the Plan and pursuant to the ASX Listing Rules, shareholder approval will be required in relation to the offer or issue of securities to Directors or other related parties and details of such offers will be required to be disclosed.

### **(B) Administration of the Speciality Metals International Limited Equity Incentive Plan**

The Plan (a summary of which is set out in Schedule 1) is administered by the Board. The Board determines which directors of group companies, full or part time employees or Contractors or Casual Employees (as defined in the Plan) will be offered the opportunity to participate in the Plan and the terms of those offers.

In accordance with ASIC Class Order 14/1000, where an offer is made under the Plan in reliance on the Class Order, the Board must, at the time of making the offer, have reasonable grounds to believe that the total number of Shares (or, in respect of Options or Performance Rights, the total number of Shares which would be issued if those Options or Performance Rights were exercised) will not exceed 5% of the total number of Shares on issue when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under the Plan or any other employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme. For example, if there were a total of 551 million shares on issue, no more than 27.5 million of those shares can be issued under these types of share plans during the relevant 3 year period.

**(C) Terms of the Plan and Information required by the ASX Listing Rules**

A summary of the Plan is set out in Schedule 1. No Shares, Options or Performance Rights have been issued under the Plan as at the date of this Notice.

A full copy of the Plan is available for inspection on the Company's website, [www.specialitymetalsintl.com.au](http://www.specialitymetalsintl.com.au) and at the Company's registered office.

**(D) Requirement for Shareholder Approval**

***ASX Listing Rules***

Resolution 5 seeks Shareholder approval under exception 9(b) of ASX Listing Rule 7.2 to allow the issue of:

- (a) Shares;
- (b) Performance Rights; and
- (c) Options,

as an exception to ASX Listing Rule 7.1.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. Exception 9(b) of ASX Listing Rule 7.2 provides that a company may make an issue of securities under an employee incentive scheme (such as the Plan) if, within three years before the date of issue, holders of ordinary securities in the company have approved the issue of securities under the scheme as an exception to ASX Listing Rule 7.1. If Resolution 5 is passed, the Company will have the ability to issue securities to eligible participants under the Plan over a period of three years without impacting on the Company's 15% placement capacity under ASX Listing Rule 7.1.

This is the first approval sought under Listing Rule 7.2 Exception 9 with respect to the Plan. A voting exclusion statement has been included for the purposes of Resolution 5.

**(E) Directors' Recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

**(F) Voting**

Note that a voting exclusion applies to Resolution 5 in the terms set out in the Notice of Meeting.

In particular, Directors (except one who is ineligible to participate in the Plan), their associates and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise the proxy, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair intends to use any such proxies to vote in favour of the Resolution. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 5, in which case an ASX announcement will be made.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution.

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## **RESOLUTION 6 – APPROVAL OF PROPOSED ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR – MR RUSSELL HENRY KRAUSE**

### **(A) General**

The Company proposes to issue a total of 15,000,000 Performance Rights (each with a nil exercise price and an expiry date of 2 years after the date of issue to Mr Russell Henry Krause (or his nominee) on the terms and conditions set out below.

The Directors (in the absence of Mr Krause) consider that the grant of Performance Rights to Mr Krause (or his nominee) provides a cost-effective way to remunerate Mr Krause, as opposed to cash remuneration and reasonable given the Vesting Conditions will align the interests of Mr Krause with those of Shareholders.

Shareholders should note that for the reasons noted above, it is proposed to grant Performance Rights to Mr Krause (or his nominee) noting the guidelines contained in the commentary to Recommendation 8.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, which states that performance based remuneration for Executive Directors should be linked to clearly specified performance targets and aligned to the Company's short and long-term performance objectives. The Board (in the absence of Mr Krause) considers the grant of Performance Rights to Mr Krause (or his nominee) as Executive Chairman, reasonable in the circumstances and given the necessity to incentivise the highest calibre of professionals to the Company, while maintaining the Company's cash reserves.

### **(B) ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Performance Rights to Mr Krause (or his nominee) involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. Accordingly, Shareholder approval is sought for the grant of Performance Rights to Mr Krause (or his nominee).

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of Performance Rights to Mr Krause (or his nominee) as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Performance Rights to Mr Krause (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

### **(C) General Information**

- (a) The Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting (or exercise) of the Performance Rights on the achievement of the specified performance criteria;
- (b) The specified Performance criteria for vesting purposes are:
  - (i) the Company completes the acquisition of the Mt Carbine Quarry and associated mining leases; or
  - (ii) the Company share price on the ASX trades on at least 3 consecutive business days above 5 cents;
- (c) The Performance Rights will expire on the date which is 2 years after the date of issue;
- (d) As noted above, the issue of Performance Rights to Mr Krause (or his nominee) is considered to be a cost-effective way to remunerate and incentivise Mr Krause, as opposed to cash remuneration. Mr Krause is paid a cash remuneration significantly lower than the previous CEO. As Executive Chairman, Mr Krause's total cash remuneration for the 2018 financial year, on an annualised basis, is \$120,000 compared to the total cash remuneration, on an annualised basis, for the previous CEO, of \$240,000. The issue of Performance Rights to Mr Krause (or his nominee) will align Mr Krause's interests with the interests of other security holders; and

- (e) In determining the number of Performance Rights to be issued to Mr Krause, consideration was given to the relevant experience and role of Mr Krause, his overall remuneration terms, and the terms of share packages granted to directors of similar companies. Mr Krause was appointed Non-Executive Chairman of the Company on 30 June 2013 and Executive Chairman on 14 November 2017. Mr Krause has over 25 years' Executive Management and Director level experience in a range of corporate advisory, stockbroking, and investment banking roles with some of Australia's leading financial services firms. Mr Krause also has extensive experience in the resources sector providing equity capital markets, capital raising and corporate advisory services to a range of ASX listed mining and energy companies. Mr Krause is currently a Non-Executive Director and Chairman of Austex Oil Limited (ASX:AOK) and Non-Executive Director of ELK Petroleum Limited (ASX:ELK) and a Director of Novus Capital Limited.

#### *Valuation of Performance Rights*

The indicative value of the Performance Rights proposed to be issued to Mr Krause is \$198,000. The Performance Rights have been valued independently by Hall Chadwick Corporate (NSW) Limited. The valuation methodology is set out in Schedule 2.

#### *Mr Krause's current holdings*

The relevant interest of Mr Krause in securities of the Company as at the date of this Notice of Meeting is set out below:

<b>Related Party</b>	<b>Shares</b>	<b>Options</b>	<b>Performance Rights</b>
Mr Russell Henry Krause	1,000,000	Nil	Nil

#### *Mr Krause's total remuneration package*

The remuneration and emoluments from the Company to Mr Krause for the previous financial year and proposed remuneration and emoluments for the current financial year are set out below:

<b>Related Party</b>	<b>2018 Financial Year</b>	<b>2017 Financial Year</b>
Mr Russell Henry Krause		
Salary	\$97,500	\$60,000
Short term cash payments (bonus)	Nil	Nil
Superannuation	Nil	Nil
Shares (non cash)	Nil	Nil
Options (non cash)	Nil	Nil
Performance Rights (non cash)	\$198,000	Nil
<b>Total financial benefit</b>	<b>\$295,500</b>	<b>\$60,000</b>

#### *Dilution effect of grant of Performance Rights on existing members' interests*

If the Vesting Condition is satisfied, a total of 15,000,000 Shares would be issued. This will increase the number of Shares on issue from 550,876,418 to 565,876,418 (assuming that no Options are issued and exercised, no other Shares issued, or no other Performance Rights vested) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 2.7%.

#### *Company's historical Share price*

The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	<b>Price</b>	<b>Date</b>
Highest	\$0.042	4 January 2018
Lowest	\$0.007	19 May 2017
Last	\$0.020	14 May 2018

### *Other information*

- (a) The primary purpose of the issue of Performance Rights to Mr Krause is to incentivise the highest calibre of professionals to the Company. The Board (in the absence of Mr Krause) considers this issue to be a cost-effective remuneration practice and reasonable given the Vesting Condition will align the interests of Mr Krause with those of Shareholders.
- (b) If the Vesting Condition is met, then the Performance Rights will vest to Mr Krause (or his nominee). Accordingly, there will be an effective cost to the Company as the Performance Rights will dilute the ownership interests of shareholders.
- (c) Under the Australian Equivalent of the International Financial Reporting Standards (IFRS), the Company is required to expense the value of the Performance Rights in its statement of financial performance over the vesting period of the performance rights.

### **(D) ASX Listing Rules**

The following information is provided to Shareholders in relation to Resolution 6 for the purposes of ASX Listing Rule 10.13:

- (a) The Performance Rights will be issued to Mr Krause who is a Director (or his nominee).
- (b) The maximum number of Performance Rights that may be issued is 15,000,000.
- (c) The Performance Rights will be issued to Mr Krause (or his nominee) no later than 1 month after the date of this General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).
- (d) The Performance Rights will be issued for no cash payment.
- (e) No funds will be raised by the issue of the Performance Rights.

### **(E) Directors' Recommendation**

Mr Krause declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution, as it relates to the proposed grant of Performance Rights to him individually (or his nominee). Messrs Layton and Nice also decline to make a recommendation about Resolution 6. ASIC Regulatory Guide 76: Related Party Transactions notes at paragraph 76.103 that it is good practice for directors to avoid making a recommendation for resolutions about each other's remuneration as there may be a conflict of interest. Whilst Messrs Layton and Nice do not have a material personal interest in the outcome of Resolution 6, given it is proposed that they also be issued with Performance Rights under Resolutions 7 and 8 respectively, they have declined to make a recommendation about Resolution 6 in line with the ASIC guidance.

### **(F) Voting**

Note that a voting exclusion applies to Resolution 6 in the terms set out in the Notice of Meeting. In particular, Mr Krause, his associates and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise the proxy, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair intends to use any such proxies to vote in favour of the Resolution. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 6, in which case an ASX announcement will be made.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution.

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## **RESOLUTION 7 – APPROVAL OF PROPOSED ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR – MR STEPHEN LAYTON**

### **(A) General**

The Company proposes to issue a total of 5,000,000 Performance Rights (each with a nil exercise price and an expiry date of 2 years after the date of issue to Mr Stephen Layton (or his nominee) on the terms and conditions set out below.

The Directors (in the absence of Mr Layton) consider that the grant of Performance Rights to Mr Layton (or his nominee) provides a cost-effective way to remunerate Mr Layton, as opposed to cash remuneration and reasonable given the Vesting Conditions will align the interests of Mr Layton with those of Shareholders.

Shareholders should note that for the reasons noted above, it is proposed to grant Performance Rights to Mr Layton (or his nominee) notwithstanding the guidelines contained in the commentary to Recommendation 8.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, which states that non-executive Directors should not normally participate in schemes designed for the remuneration of executives. However, the Board (in the absence of Mr Layton) considers the grant of Performance Rights to Mr Layton (or his nominee) reasonable in the circumstances, given the necessity to incentivise the highest calibre of professionals to the Company, while maintaining the Company's cash reserves.

### **(B) ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Performance Rights to Mr Layton (or his nominee) involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. Accordingly, Shareholder approval is sought for the grant of Performance Rights to Mr Layton (or his nominee).

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of Performance Rights to Mr Layton (or his nominee) as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Performance Rights to Mr Layton (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

### **(C) General Information**

- (a) The Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting (or exercise) of the Performance Rights on the achievement of the specified performance criteria;
- (b) The specified Performance criteria for vesting purposes are:
  - (i) the Company completes the acquisition of the Mt Carbine Quarry and associated mining leases; or
  - (ii) the Company share price on the ASX trades on at least 3 consecutive business days above 5 cents;
- (c) The Performance Rights will expire on the date which is 2 years after the date of issue;
- (d) As noted above, the issue of Performance Rights to Mr Layton (or his nominee) is considered to be a cost-effective way to remunerate and incentivise Mr Layton, as opposed to cash remuneration. The issue of Performance Rights to Mr Layton (or his nominee) will align Mr Layton's interests with the interests of other security holders; and

- (e) In determining the number of Performance Rights to be issued to Mr Layton, consideration was given to the relevant experience and role of Mr Layton, his overall remuneration terms, and the terms of share packages granted to directors of similar companies. Mr Layton has over 35 years' experience in Equity Capital Markets in the UK and Australia. Starting as a Jobber (market maker) with BZW on the floor of the London Stock Exchange from 1980 to 1986, Mr Layton became a Member of the London Stock Exchange in 1985. Since migrating to Australia in 1986 Mr Layton has worked with various stockbroking firms and/or AFSL regulated Corporate Advisory firms and is currently Head of Equity Capital Markets with Fiscus Capital Pty Ltd, an associate of Nexia Australia. Having raised capital for many ASX listed companies, including the Company, Mr Layton has a depth of knowledge that only comes from a thorough immersion in the industry. Mr Layton specializes in capital raising services and opportunities, corporate advisory, facilitation of ASX listings and assisting companies grow. Mr Layton has held both Principal and Director roles in his advisory career, with his most recent role as a Director and Principal of Melbourne Capital Limited and his Professional Associations include Master Stockbroking – MSAFAA.

#### *Valuation of Performance Rights*

The indicative value of the Performance Rights proposed to be issued to Mr Layton is \$66,000. The Performance Rights have been valued independently by Hall Chadwick Corporate (NSW) Limited. The valuation methodology is set out in Schedule 2.

#### *Mr Layton's current holdings*

The relevant interest of Mr Layton in securities of the Company as at the date of this Notice of Meeting is set out below:

<b>Related Party</b>	<b>Shares</b>	<b>Options</b>	<b>Performance Rights</b>
Mr Stephen Layton	25,000,000	Nil	Nil

#### *Mr Layton's total remuneration package*

The remuneration and emoluments from the Company to Mr Layton for the previous financial year and proposed remuneration and emoluments for the current financial year are set out below:

<b>Related Party</b>	<b>2018 Financial Year</b>	<b>2017 Financial Year</b>
Mr Stephen Layton		
Salary	\$30,000	Nil
Short term cash payments (bonus)	Nil	Nil
Superannuation	Nil	Nil
Shares (non cash)	Nil	Nil
Options (non cash)	Nil	Nil
Performance Rights (non cash)	\$66,000	Nil
<b>Total financial benefit</b>	<b>\$96,000</b>	<b>\$Nil</b>

#### *Dilution effect of grant of Performance Rights on existing members' interests*

If the Vesting Condition is satisfied, a total of 5,000,000 Shares would be issued. This will increase the number of Shares on issue from 550,876,418 to 555,876,418 (assuming that no Options are issued and exercised, no other Shares issued, or no other Performance Rights vested) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 0.9%.

#### *Company's historical Share price*

The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	<b>Price</b>	<b>Date</b>
Highest	\$0.042	4 January 2018
Lowest	\$0.007	19 May 2017
Last	\$0.020	14 May 2018

#### *Other information*

- (a) The primary purpose of the issue of Performance Rights to Mr Layton is to incentivise the highest calibre of professionals to the Company. The Board (in the absence of Mr Layton) considers this issue to be a cost-effective remuneration practice and reasonable given the Vesting Condition will align the interests of Mr Layton with those of Shareholders.
- (b) If the Vesting Condition is met, then the Performance Rights will vest to Mr Layton (or his nominee). Accordingly, there will be an effective cost to the Company as the Performance Rights will dilute the ownership interests of shareholders.
- (c) Under the Australian Equivalent of the International Financial Reporting Standards (IFRS), the Company is required to expense the value of the Performance Rights in its statement of financial performance over the vesting period of the performance rights.

#### **(D) ASX Listing Rules**

The following information is provided to Shareholders in relation to Resolution 7 for the purposes of ASX Listing Rule 10.13:

- (a) The Performance Rights will be issued to Mr Layton who is a Director (or his nominee).
- (b) The maximum number of Performance Rights that may be issued is 5,000,000.
- (c) The Performance Rights will be issued to Mr Layton (or his nominee) no later than 1 month after the date of this General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).
- (d) The Performance Rights will be issued for no cash payment.
- (e) No funds will be raised by the issue of the Performance Rights.

#### **(E) Directors' Recommendation**

Mr Layton declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution, as it relates to the proposed grant of Performance Rights to him individually (or his nominee). Messrs Krause and Nice also decline to make a recommendation about Resolution 7. ASIC Regulatory Guide 76: Related Party Transactions notes at paragraph 76.103 that it is good practice for directors to avoid making a recommendation for resolutions about each other's remuneration as there may be a conflict of interest. Whilst Messrs Krause and Nice do not have a material personal interest in the outcome of Resolution 7, given it is proposed that they also be issued with Performance Rights under Resolutions 6 and 8 respectively, they have declined to make a recommendation about Resolution 7 in line with the ASIC guidance.

#### **(F) Voting**

Note that a voting exclusion applies to Resolution 7 in the terms set out in the Notice of Meeting. In particular, Mr Layton, his associates and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise the proxy, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair intends to use any such proxies to vote in favour of the Resolution. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 7, in which case an ASX announcement will be made.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution.

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## **RESOLUTION 8 – APPROVAL OF PROPOSED ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR – MR ROLAND WAYNNE NICE**

### **(A) General**

The Company proposes to issue a total of 5,000,000 Performance Rights (each with a nil exercise price and an expiry date of 2 years after the date of issue to Mr Roland Wayne Nice (or his nominee) on the terms and conditions set out below.

The Directors (in the absence of Mr Nice) consider that the grant of Performance Rights to Mr Nice or his nominee) provides a cost-effective way to remunerate Mr Nice, as opposed to cash remuneration and reasonable given the Vesting Conditions will align the interests of Mr Nice with those of Shareholders.

Shareholders should note that for the reasons noted above, it is proposed to grant Performance Rights to Mr Nice (or his nominee) notwithstanding the guidelines contained in the commentary to Recommendation 8.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, which states that non-executive Directors should not normally participate in schemes designed for the remuneration of executives. However, the Board (in the absence of Mr Nice) considers the grant of Performance Rights to Mr Nice (or his nominee) reasonable in the circumstances, given the necessity to incentivise the highest calibre of professionals to the Company, while maintaining the Company's cash reserves.

### **(B) ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Performance Rights to Mr Nice (or his nominee) involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. Accordingly, Shareholder approval is sought for the grant of Performance Rights to Mr Nice (or his nominee).

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of Performance Rights to Mr Nice (or his nominee) as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Performance Rights to Mr Nice (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

### **(C) General Information**

- (a) The Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting (or exercise) of the Performance Rights on the achievement of the specified performance criteria;
- (b) The specified Performance criteria for vesting purposes are:
  - (i) the Company completes the acquisition of the Mt Carbine Quarry and associated mining leases; or
  - (ii) the Company share price on ASX trades on at least 3 consecutive business days above 5 cents;
- (c) The Performance Rights will expire on the date which is 2 years after the date of issue;
- (d) As noted above, the issue of Performance Rights to Mr Nice (or his nominee) is considered to be a cost-effective way to remunerate and incentivise Mr Nice, as opposed to cash remuneration. The issue of Performance Rights to Mr Nice (or his nominee) will align Mr Nice's interests with the interests of other security holders; and

- (e) In determining the number of Performance Rights to be issued to Mr Nice, consideration was given to the relevant experience and role of Mr Nice, his overall remuneration terms, and the terms of share packages granted to directors of similar companies. Mr Nice was appointed a Non- Executive Director of the Company on 30 June 2013. Mr Nice is a Metallurgical Engineer with over 45 years' experience. Mr Nice has a strong track record in mineral processing and metallurgy, most recently as a consulting Metallurgical Engineer in the role of Senior Associate for Behre Dolbear Australia, where he was involved in due diligence activities and consulting on some of the world's largest poly-metallic, gold and uranium projects including Newcrest's Cadia, Ridgeway and Telfer gold projects, Barrick's Cowal gold project, LionOres's Thunderbox gold project and numerous other non-ferrous metal mining projects. Mr Nice's work as a consultant has included specific experience in tungsten processing. Prior to this, Mr Nice was the Principal at a technical consulting firm, R.W. Nice and Associates, which followed approximately 20 years in a range of roles with Pancontinental Mining Limited, including General Manager Technology and Metallurgy. While with Pancontinental, Mr Nice was intimately involved in the test work and feasibility studies that led to the development of the Paddington and Kundana gold mines (3.0 Mtpa), the Jabiluka uranium project, the Thalanga Cu-Pb-Zn mine, the QMAG magnesia operation and the Wodgina tantalum operation. He is a member of the Australian Institute of Engineers and the Canadian Institute for Mining, Metallurgy and Petroleum, and a fellow of the Australian Institute of Mining and Metallurgy.

#### *Valuation of Performance Rights*

The indicative value of the Performance Rights proposed to be issued to Mr Nice is \$66,000. The Performance Rights have been valued independently by Hall Chadwick Corporate (NSW) Limited. The valuation methodology is set out in Schedule 2.

#### *Mr Nice's current holdings*

The relevant interest of Mr Nice in securities of the Company as at the date of this Notice of Meeting is set out below:

<b>Related Party</b>	<b>Shares</b>	<b>Options</b>	<b>Performance Rights</b>
Mr Roland Wayne Nice	1,375,000	Nil	Nil

#### *Mr Nice's total remuneration package*

The remuneration and emoluments from the Company to Mr Nice for the previous financial year and proposed remuneration and emoluments for the current financial year are set out below:

<b>Related Party</b>	<b>2018 Financial Year</b>	<b>2017 Financial Year</b>
Mr Roland Wayne Nice		
Salary	\$48,000	\$40,000
Short term cash payments (bonus)	Nil	Nil
Superannuation	Nil	Nil
Shares (non cash)	Nil	Nil
Options (non cash)	Nil	Nil
Performance Rights (non cash)	\$66,000	Nil
<b>Total financial benefit</b>	<b>\$114,000</b>	<b>\$40,000</b>

#### *Dilution effect of grant of Performance Rights on existing members' interests*

If the Vesting Condition is satisfied, a total of 5,000,000 Shares would be issued. This will increase the number of Shares on issue from 550,876,418 to 555,876,418 (assuming that no Options are issued and exercised, no other Shares issued, or no other Performance Rights vested) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 0.9%.

### *Company's historical Share price*

The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	<b>Price</b>	<b>Date</b>
Highest	\$0.042	4 January 2018
Lowest	\$0.007	19 May 2017
Last	\$0.020	14 May 2018

### *Other information*

- (a) The primary purpose of the issue of Performance Rights to Mr Nice is to incentivise the highest calibre of professionals to the Company. The Board (in the absence of Mr Nice) considers this issue to be a cost-effective remuneration practice and reasonable given the Vesting Condition will align the interests of Mr Nice with those of Shareholders.
- (b) If the Vesting Condition is met, then the Performance Rights will vest to Mr Nice (or his nominee). Accordingly, there will be an effective cost to the Company as the Performance Rights will dilute the ownership interests of shareholders.
- (c) Under the Australian Equivalent of the International Financial Reporting Standards (IFRS), the Company is required to expense the value of the Performance Rights in its statement of financial performance over the vesting period of the performance rights.

### **(D) ASX Listing Rules**

The following information is provided to Shareholders in relation to Resolution 8 for the purposes of ASX Listing Rule 10.13:

- (a) The Performance Rights will be issued to Mr Nice who is a Director (or his nominee).
- (b) The maximum number of Performance Rights that may be issued is 5,000,000.
- (c) The Performance Rights will be issued to Mr Nice (or his nominee) no later than 1 month after the date of this General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).
- (d) The Performance Rights will be issued for no cash payment.
- (e) No funds will be raised by the issue of the Performance Rights.

### **(E) Directors' Recommendation**

Mr Nice declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution, as it relates to the proposed grant of Performance Rights to him individually (or his nominee). Messrs Krause and Layton also decline to make a recommendation about Resolution 8. ASIC Regulatory Guide 76: Related Party Transactions notes at paragraph 76.103 that it is good practice for directors to avoid making a recommendation for resolutions about each other's remuneration as there may be a conflict of interest. Whilst Messrs Krause and Layton do not have a material personal interest in the outcome of Resolution 8, given it is proposed that they also be issued with Performance Rights under Resolutions 6 and 7 respectively, they have declined to make a recommendation about Resolution 8 in line with the ASIC guidance.

**(F) Voting**

Note that a voting exclusion applies to Resolution 8 in the terms set out in the Notice of Meeting. In particular, Mr Nice, his associates and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise the proxy, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair intends to use any such proxies to vote in favour of the Resolution. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 7, in which case an ASX announcement will be made.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution.

## GLOSSARY

**A\$** means Australian dollars.

**Accounting Standards** has the meaning given to that term in the Corporations Act.

**ASIC** means the Australian Securities and Investments Commission. **ASX** means ASX Limited.

**Associate** has the meaning given in sections 12 and 16 of the Corporations Act. Section 12 is to be applied as if paragraph 12(1)(a) included a reference to the Listing Rules and on the basis that the Company is the “designated body” for the purposes of that section. A related party of a director or officer of the Company or of a Child Entity of the Company is to be taken to be an associate of the director unless the contrary is established.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year’s Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Closely Related Party** has the meaning given to that term in the Corporations Act.

**Company** means Speciality Metals International Limited (ACN 115 009 106).

**Constitution** means the Company’s constitution.

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

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** has the meaning given to that term in the Accounting Standards.

**Meeting** means the meeting convened by the Notice.

**Notice** or **Notice of Meeting** means this notice of general meeting including the Explanatory Statement and the Proxy Form.

**Option** means an unlisted option to acquire a Share.

**Option Holder** means a holder of an Option.

**Performance Right** means a conditional right to receive a Share.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Restricted Voter** means Key Management Personnel and their Closely Related Parties as at the date of the Meeting.

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

**Shareholder** means a holder of a Share.

**VWAP** means the Volume Weighted Average Price.

## **SCHEDULE 1 – SUMMARY OF EQUITY INCENTIVE PLAN**

The Company has established the Speciality Metals International Limited Equity Incentive Plan. The full terms of the Plan may be inspected at the registered office of the Company during normal business hours and on the Company's website, [www.specialitymetalsintl.com.au](http://www.specialitymetalsintl.com.au). A summary of the terms of the Speciality Metals International Limited Equity Incentive Plan (Plan) is set out below.

### **1. AWARDS**

Under the Plan, Participants (as defined below) will be granted incentive awards (Awards) which may comprise:

- (a) shares, issued at a price determined by the Board in their sole and absolute discretion, subject to any vesting conditions (Shares); and/or
- (b) options, issued at a price determined by the Board in their sole and absolute discretion, each to subscribe for one Share on payment of an exercise price determined by the Board in their sole and absolute discretion, and subject to any vesting conditions (Options); and/or
- (c) performance rights, issued at a price determined by the Board in their sole and absolute discretion, each being a conditional right to subscribe for one Share on payment of an exercise price determined by the Board in their sole and absolute discretion, and subject to the satisfaction of any vesting conditions (Performance Rights).

Awards may have grant conditions. Subject to those grant conditions being satisfied, all Awards will be granted subject to the satisfaction of vesting conditions (if any) as determined by the Board in its sole and absolute discretion.

### **2. ELIGIBILITY**

At the discretion of the Board, a person who is:

- (a) a full time or part time employee or non-executive director of the Company or an associated body corporate (being a body corporate that is a related body corporate of the body, a body corporate that has voting power in the body of not less than 20% or a body corporate in which the body has voting power of not less than 20%) (Group Company);
- (b) an individual who is or might reasonably be expected to be engaged to work the number of hours that are the pro rata equivalent of 40% or more of a comparable full time position with a Group Company; or
- (c) an individual or company with whom a Group Company has entered into a contract for the provision of services under which the individual or a director or their spouse performs work for a Group Company, where the work is or might reasonably be expected to be the number of hours that are the pro rata equivalent of 40% or more of a comparable full time position with a Group Company, is permitted to participate in the Plan.

People eligible to participate in the Plan are called "Eligible Employees". The Board may permit an Award the subject of an offer to be issued to another party nominated by an Eligible Employee (for example, the Eligible Employee's (a) immediate family member; (b) a corporate trustee of a self-managed superannuation fund (within the meaning of the Superannuation Industry (Supervision) Act 1993) where the Eligible Employee is a director of the trustee; or (c) a company whose members are no-one other than the Eligible Employee or their immediate family members) (Nominated Party).

A "Participant" is an Eligible Employee or Nominated Party to whom an Award has been granted.

### **3. PAYMENT FOR AWARDS**

Awards can be issued at a price (if any) determined by the Board in their sole and absolute discretion.

#### **4. LIMITS ON NUMBER OF AWARDS GRANTED**

Under the Plan rules, where an offer is made under the Plan in reliance on ASIC Class Order 14/1000 (or any amendment or replacement of it) the Board must, at the time of making the offer, have reasonable grounds to believe that the total number of Shares (or, in respect of Options or Performance Rights, the total number of Shares which would be issued if those Options or Performance Rights were exercised) will not exceed 5% of the total number of Shares on issue when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under the Plan or any other employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme.

As at the date of the Notice there are 550,876,418 existing Shares on issue and no Shares have been or may be issued as a result of offers made in the 3 years prior to the date of the Notice under the previous 2015 Awards Plan covered by an ASIC exempt arrangement of a similar kind resulting in a maximum of 27,543,821 Shares being available to be issued in respect of the grant of Awards under the Plan (as at the date of the Notice).

This limit is in accordance with the current ASIC Class Order which provides disclosure, licensing, advertising and hawking relief for employee incentive schemes, and which the Company may seek to rely on in connection with making offers under the Plan.

#### **5. ENTITLEMENTS OF PARTICIPANTS**

##### **(a) Notice of meeting**

Unless otherwise resolved by the Board when it makes an offer, and subject to the terms of issue, a Participant is entitled to notice of a meeting of the Shareholders of the Company and may exercise (whether in person or by proxy) any voting rights attaching to any Shares registered in the Participant's name which were the subject of the offer.

##### **(b) Dividends**

The Board may determine, at the time of an offer of Shares, whether the Participant is entitled to receive any dividends declared or paid by the Company on unvested Shares (including whether any such dividends are to be held in escrow until the Shares are fully vested). Participants who hold Options or Performance Rights are not entitled to receive any dividends declared by the Company. No adjustment will be made to the number of Performance Rights or Options granted to a Participant under the Plan if dividends or other distributions are paid on the Shares prior to their vesting or exercise.

##### **(c) Changes in capital**

Unless otherwise resolved by the Board when it makes an offer, a Participant who holds Shares has the same entitlement as any other Shareholder to participate in a bonus issue or rights offer, provided that if the Shares are unvested and/or have any restrictions on sale imposed on them, any Shares issued to a Participant under the bonus issue or rights offer will be subject to the Plan as if those shares were Shares issued under the offer made to the Participant.

Options or Performance Rights do not confer on the Participant the right to participate in new issues of Shares by the Company.

In the event of a capital reconstruction, subject to any provision in the Listing Rules, the Board may adjust any or all of the number of Shares issued pursuant to the offer to a Participant as the Board deems appropriate. If there is a reorganisation of capital, the rights of a Participant will be changed to the extent necessary to comply with the Listing Rules.

If the Company makes a pro rata issue (except a bonus issue) the exercise price of Options and Performance Rights will be reduced in accordance with the Listing Rules.

If the Company makes a bonus issue the number of underlying Shares over which the Option or Performance Right is exercisable will be increased by the number of Shares that would have been received if the relevant Option or Performance Right had been exercised before the record date for the bonus issue.

If a resolution for a voluntary winding up is proposed, the Board may give notice to Participants providing a period to exercise Options or Performance Rights, subject to the relevant vesting conditions.

## **6. DEALING, VESTING AND EXERCISE**

### **(a) Dealing**

Participants must not dispose of, grant (or purport to grant) any security interest in or over, or otherwise deal with (or purport to dispose or deal with) an Award unless:

- (i) it is in compliance with the terms of the Share offer and any Share vesting conditions;
- (ii) in respect of Options and Performance Rights, the prior consent of the Board is obtained (which consent may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion) or such assignment or transfer occurs by force of law upon the death of a Participant to the Participant's legal personal representative.

While the Shares are subject to any restrictions, the Board may do such things it considers necessary and appropriate to enforce the restrictions, including but not limited to imposing a holding lock on the Shares during the relevant restriction period.

### **(b) Vesting**

Awards only vest if the applicable vesting conditions are satisfied, waived by the Board or are deemed to have been satisfied under the Plan. The vesting conditions are determined prior to the granting of such Awards by the Company.

### **(c) Exercise**

Vested Options and Performance Rights can only be exercised during the exercise period specified in the invitation to participate in the Plan.

The exercise price per Share in respect of an Option or Performance Right granted pursuant to the Plan will be determined by the Board. Upon exercise, one Share in the Company will be issued to the Participant for each exercised Option or converted Performance Right.

Options and Performance Rights will expire on the date that is two years after the date of issue, or such other period determined by the Board or the Plan.

## **7. LAPSE OF AWARDS**

Subject to the Board's discretion, if a Participant resigns (other than in circumstances of redundancy, mental illness, total and permanent disability, terminal illness or death), is dismissed from office for cause or poor performance, or in another circumstance determined by the Board:

- (a) unvested Shares will be forfeited;
- (b) unvested Options and Performance Rights will lapse;
- (c) vested Options and Performance Rights that have not been exercised will lapse on the date of cessation of employment or office.

If a Participant's employment or engagement with a Group Company ceases in any other circumstances, unless the Board determines different treatment is warranted:

- (a) unvested Shares will be forfeited;
- (b) unvested Options and Performance Rights will lapse; and
- (c) vested Options and Performance Rights that have not been exercised will continue in force and remain exercisable, until the last exercise date determined by the Board or the Plan.

## **8. FORFEITURE OF SHARES**

Unvested Shares will be forfeited on the earlier of:

- (a) the Board determining any applicable vesting condition has not been, or is not capable of being satisfied, reached or met;
- (b) the Shares being forfeited under the Plan provisions dealing with cessation of employment, change of control, breach, fraud or misconduct; or
- (c) unless the Board determines otherwise, the Participant purporting to deal with the Shares in breach of the vesting conditions of the Plan or enter into an arrangement to affect their economic exposure to unvested Shares where restricted by applicable law.

Vested Shares can also be forfeited under Rule 11 (see below). The Company must:

- (a) sell forfeited Shares in the ordinary course of trading on the ASX;
- (b) buy back and cancel the forfeited Shares; or
- (c) deal with the forfeited Shares in any other manner determined by the Board from time to time.

No consideration or compensation is payable to a Participant for, or in relation to, the forfeiture of Shares under the Plan.

## **9. BREACH, FRAUD OR MISCONDUCT**

If the Board determines that a Participant has:

- (a) been dismissed or removed where a Group Company was entitled to do so without notice;
- (b) been indicted for an offence under the Corporations Act;
- (c) had civil judgement entered against them;
- (d) committed fraud, defalcation or gross misconduct; or
- (e) materially breaches their duties or obligations,

in connection with a Group Company, or has done an act which brings a Group Company into disrepute, the Board may determine that:

- (a) unvested Shares will be forfeited;
- (b) unvested Options and Performance Rights will lapse.

## **10. CHANGE OF CONTROL EVENTS**

On the occurrence of a Change of Control Event (as defined in the Plan, which includes an unconditional takeover offer, a court approved scheme of arrangement, a merger resulting in the current Shareholders being entitled to 50% or less of the shares of the merged entity, a Group Company agreeing to sell a majority of its business or assets or a determination of the Board that control of the Company has or is likely to change), the Board may in its sole and absolute discretion determine how unvested Awards will be treated, including but not limited to:

- (a) determining that all or a portion of unvested Awards will vest; and/or
- (b) reducing or waiving vesting conditions.

## **11. CLAWBACK**

If an event occurs which means vesting conditions were not or should not have been determined to have been satisfied, the Board may:

- (a) cancel the affected Options or Performance Rights for no consideration or treat the Shares as forfeited;
- (b) require the Participant pay the Company the after-tax value of the affected Shares, Options or Performance Rights within 30 business days; or
- (c) adjust fixed remuneration, incentives or participation in the Plan to take account of the after-tax value of the affected Shares, Options or Performance Rights.

## **12. AMENDMENTS TO TERMS OF EXERCISE OR THE PLAN**

The Board may vary the terms of exercise of Options or Performance Rights and may reduce or waive vesting conditions. However, no variation to the terms of exercise of an Option or Performance Right will be made without the consent of the Participant if it would have a material prejudicial effect on them, unless introduced primarily to comply with the law, to correct manifest error or to enable regulatory compliance.

The Board may amend the terms of the Plan, provided that the rights or entitlements granted before the amendment shall not be reduced or adversely affected without the prior written approval of the affected Participant.

## SCHEDULE 2 – VALUATION OF PERFORMANCE RIGHTS

The Performance Rights proposed to be issued to the Directors pursuant to Resolutions 6, 7 and 8 have been valued independently by Hall Chadwick Corporate (NSW) Limited.

In order to attribute a value to the Performance Rights, a value is attributed to the underlying Speciality Metals International Limited (SEI) shares.

The most appropriate method of valuing the shares in SEI is to assess the market value of SEI shares trading on the ASX.

The market value of shares method involves the valuation of an entity based on its actively traded equities, which represent the market capitalisation of the share capital of the entity, in a liquid and knowledgeable market.

The ability of a Performance Right to be exercised and converted into an ordinary share in the Company depends on the satisfaction of the Vesting Conditions, being that:

- a) the Company completes the acquisition of the Mt Carbine Quarry and associated mining leases; or
- b) the Company share price on the ASX trades on at least 3 consecutive business days above \$0.05.

The Performance Right effectively represents an option or right to receive SEI shares at a nil issue price and nil exercise price, should the Vesting Conditions be satisfied.

The value of the Performance Right is the fair value of the SEI share adjusted for the probability of either of the Vesting Conditions being achieved.

## SCHEDULE 3 – PERFORMANCE RIGHTS TERMS

### Terms applicable to Performance Rights

1. Subject to the satisfaction of the Vesting Conditions set out in paragraph (b), each Performance Right vests to one fully paid ordinary share in the capital of the Company (**Shares**).
2. The Performance Rights will vest on satisfaction of the Vesting Conditions.
3. The Performance Rights shall expire and lapse in the event that the Company determines and gives written notice to the holder of the Performance Rights (in the absence of manifest error) that the Vesting Conditions has not been satisfied.
4. The Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting of the Performance Rights into Shares on the satisfaction of the Vesting Conditions.
5. Any unvested Performance Rights will expire on the date which is 2 years after the date of issue.
6. The Performance Rights are not transferable.
7. A Performance Right does not confer the right to vote or receive dividends.
8. Immediately following the satisfaction of the Vesting Conditions the Company shall give written notice of that event to the holder of the Performance Rights that have vested and shall, unless otherwise directed by the holder allot and issue the associated number of Shares within 10 Business Days (meaning Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that the ASX declares is not a business day) of the date of that notice.
9. Upon vesting, the Performance Rights do not need to be exercised and no exercise price is payable in respect of the Performance Rights. One Share will be allocated in respect of each vested Performance Right without any further action on the holder's part.
10. The Company will not apply for quotation of the Performance Rights on the ASX. However, the Company will apply for quotation of all Shares allotted and issued pursuant to the vesting of Performance Rights on the ASX within 10 Business Days after the date of allotment and issue of those Shares and in any event, in compliance with the ASX Listing Rules.
11. All Shares allotted and issued upon the vesting of Performance Rights will upon allotment and issue rank pari passu in all respects with other Shares.
12. Unless required by the ASX or by the Company, neither the Performance Rights nor any Shares acquired upon vesting of the Performance Rights will be subject to a trading restriction.
13. The total value of the resulting Shares which may potentially be allocated will depend on factors such as:
  - (a) the satisfaction of the Vesting Conditions and the resulting number of Performance Rights that vest or lapse; and
  - (b) the price of the Company's Shares on the ASX.
14. In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the terms of the Performance Rights will be adjusted in the manner determined by the Board to ensure that no advantage or disadvantage accrues to the holder as a result of such corporate actions and in any event in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

15. Subject to paragraph 16, there are no participating rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights unless the Vesting Conditions has been satisfied or the Performance Rights have vested pursuant to paragraph 8 and the relevant Shares have been issued prior to the record date for determining entitlements. However, the Company will give notice to the holders of any new issues of capital prior to the record date for determining entitlements.
16. Allocation of Shares will occur subject to the Company's Trading Policy, a copy of the Company's Trading Policy is available on the Company's website [www.specialitymetalsintl.com.au](http://www.specialitymetalsintl.com.au).

### **Vesting Conditions**

17. The relevant Vesting Conditions are as follows:

- (i) the Company completes the acquisition of the Mt Carbine Quarry and associated mining leases; or
- (ii) the Company share price on the ASX trades on at least 3 consecutive business days above 5 cents;

collectively referred to as the **Vesting Conditions**.

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**SCHEDULE 4 – NOTICE OF INTENTION TO REMOVE AUDITOR  
NOMINATION OF AUDITOR**

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The Directors  
Speciality Metals International Limited  
Level 17, 500 Collins Street  
Melbourne VIC 3000

Dear Sirs

**NOTICE OF INTENTION TO REMOVE BDO AUDIT (NTH QLD) PTY LTD  
AS AUDITOR AND NOMINATION OF NEXIA AUSTRALIA**

I, Russell Henry Krause, being a director of Speciality Metals International Limited ACN 115 009 106 (the Company) hereby request that the board of directors of the Company convene a general meeting to be held at the first available time, to consider and if thought fit, pass resolutions that:

- BDO Audit (Nth Qld) Pty Ltd be removed as auditor of the Company; and
- Nexia Australia be appointed as the new auditor of the Company.

Dated the 7th day of May 2018:

  
.....  
Signature

Russell Henry Krause  
Executive Chairman  
Speciality Metals International Limited ACN 115 009 106

The Directors  
Speciality Metals International Limited  
Level 17, 500 Collins Street  
Melbourne VIC 3000

Dear Sirs

**NOMINATION OF NEXIA AUSTRALIA AS AUDITOR**

Pursuant to section 328B(1) of the Corporations Act 2001 (Cth), Penause Pty Ltd ACN 108 843 787, being a member of Speciality Metals International Limited ACN 115 009 106 (Company), hereby gives notice of the nomination of Nexia Australia of Level 12, 31 Queen Street, Melbourne Victoria, as auditor of the Company at the forthcoming General Meeting of Members.

Dated this 7th day of May, 2018



.....

Signature  
Russell Krause  
Penause Pty Ltd ACN 108 843 787  
Member



# Speciality Metals International Limited

ABN 77 115 009 106

## Lodge your vote:



### By Mail:

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

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

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

### For all enquiries call:

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

SEI

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

## Proxy Form

XX

For your vote to be effective it must be received by 10.30am (AEST) on Wednesday, 20 June 2018

### How to Vote on Items of Business

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

#### Appointment of Proxy

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

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

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

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

### Signing Instructions

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

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

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

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

### Attending the Meeting

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

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

**Turn over to complete the form** →



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

**[www.investorcentre.com](http://www.investorcentre.com)**

- Review your securityholding
- Update your securityholding

#### Your secure access information is:

SRN/HIN: I9999999999



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

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

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



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

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

XX

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

the Chairman of the Meeting OR

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Speciality Metals international Limited to be held at at the offices of Baker McKenzie, Level 19, 181 William Street, Melbourne on Friday 22 June 2018 at 10.30am (AEST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 2, 6 - 8 (except where I/we have indicated a different voting intention below) even though Resolutions 2, 6 - 8 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 2, 6 - 8 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

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

		For	Against	Abstain
Resolution 1	Approval of prior issue of Ordinary Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval to issue Shares to a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Removal of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Adoption of New Equity Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of proposed issue of Performance Rights to Director - Mr Russell Henry Krause	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of proposed issue of Performance Right to Director - Mr Stephen Layton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of proposed issue of Performance Right to Director - Mr Roland Wayne Nice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / / \_\_\_\_\_

SEI

999999A

Computershare