



# Speciality Metals International Limited

## NOTICE OF THE 2018 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2018 Annual General Meeting (AGM) of the members of Speciality Metals International Limited (the Company) will be held at Baker McKenzie, Level 19, 181 William Street, Melbourne VIC 3000 on Thursday 29 November, 2018 commencing at 9:00am Melbourne Time.

### **ORDINARY BUSINESS**

#### **To Receive the Accounts**

To receive and consider the Financial Statements for the year ended 30 June 2018 together with the Declaration of the Directors, the Directors' Report, the Remuneration Report and Auditor's Report. Also available for consideration is the Shareholders Annual Report.

In compliance with Section 315 of the Corporations Act 2001, these reports are available to be viewed or downloaded in PDF format at the Company's website and can be obtained through the following link [www.specialitymetalsintl.com.au](http://www.specialitymetalsintl.com.au). However, if you wish to receive hard copies of these reports, please send a written request to the Company Secretary, Speciality Metals International Limited, PO Box 1496, Mareeba QLD 4880.

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### **RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT**

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

*"Pursuant to Section 250R(2) of the Corporations Act and for all other purposes, approval is given to the adoption of the Remuneration Report as contained in the Company's Annual Financial Report for the year ended 30 June 2018".*

**Short Explanation:** The vote on this Resolution is advisory only and does not bind the Directors or the Company.

#### **Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a closely related party of such a member.

However, a person (the **Voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (d) the Voter is the Chair of the meeting and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) 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 of the Company or if the Company is part of a consolidated entity, for the entity.

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## **RESOLUTION 2 – RE-ELECTION OF 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 Mr Russell Henry Krause, who retires by rotation as a Director of the Company in accordance with Section 6 of the Company’s Constitution and being eligible, offers himself for re-election, be and is hereby re-appointed as a Director of the Company”.*

Notes: The non-candidate Directors unanimously support the re-election of Mr Krause. The Chairman of the meeting intends to vote undirected proxies in favour of Mr Krause's re-election.

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## **RESOLUTION 3 – CONFIRM APPOINTMENT OF 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 all purposes, Mr Stephen Layton, in accordance with Section 9 of the Company’s Constitution and, being eligible, is confirmed as being appointed as a Director of the Company.”*

Notes: The non-candidate Directors unanimously support the election of Mr Layton. The Chairman of the meeting intends to vote undirected proxies in favour of Mr Layton's election.

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## **SPECIAL BUSINESS**

### **RESOLUTION 4 – APPROVAL OF 10% PLACEMENT FACILITY**

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

*“That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions referred to in, the Explanatory Memorandum accompanying this Notice.”*

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

The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% placement facility and a person who might obtain a benefit, if this Resolution is passed, except a benefit solely in the capacity of a holder of ordinary securities and any associate of that person (or those persons).

However, the Company need not disregard a vote, 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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#### **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 Tuesday 27 November 2018 as the time and date to determine holders of the Company’s Shares for the purposes of the AGM. Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the AGM.

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.

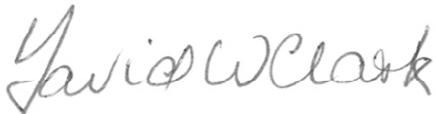
Address (postal deliveries): GPO Box 242, Melbourne, VIC, Australia, 3001

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 25th day of October 2018.

### **BY ORDER OF THE BOARD**



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 Annual General Meeting to be held at Baker McKenzie, Level 19, 181 William Street, Melbourne VIC 3000 on Thursday 29 November, 2018 commencing at 9:00am 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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## FINANCIAL STATEMENTS AND DIRECTORS' REPORTS

In accordance with the Company's Constitution, the business of the meeting will include receipt and consideration of the Company's Financial Report and Reports of Directors' and Auditor's for the year ended 30 June 2018.

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## RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

Section 250R(3) of the Corporations Act requires that a Resolution to adopt the Remuneration Report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Company's 2018 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act 2001, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the Remuneration Report at the Annual General Meeting.

The Corporations Act requires the Company to put a Resolution to Shareholders that in accordance with Division 9 of Part 2G.2 of the Corporations Act, if twenty-five (25%) per cent or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a Resolution (a "Spill Resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

It is noted that at the Company's last Annual General Meeting, the votes cast against the Remuneration Report represented less than twenty-five (25%) per cent of the total votes cast and accordingly, a spill Resolution will not under any circumstances be required for the Annual General Meeting.

A voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. Key Management Personnel and their closely related parties may not vote on this Resolution and may not cast a vote as proxy, unless the proxy appointment gives a direction on how to vote or the proxy is given to the Chairman and expressly authorises the Chairman to exercise the proxy.

The Chairman will use any such proxies to vote in favour of Resolution 1. The Company encourages all eligible Shareholders to cast their votes in favour of Resolution 1 (Remuneration Report).

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

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## **RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR RUSSELL HENRY KRAUSE**

In accordance with Section 6 of the Company's Constitution and ASX Listing Rule 14.4, a Director cannot hold office for more than 3 years without retiring by rotation. Mr Russell Henry Krause was appointed a Director of the Company by the Board on 30 June 2013 and elected as a Director at the 2013 Annual General Meeting on 15 November 2013. Mr Krause is due to retire by rotation at the 2018 Annual General Meeting, and being eligible, offers himself for re-election as a Director.

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) (appointed 13 March 2015) and a Director of Novus Capital Limited (appointed 1 October 2008).

In accordance with Article 6 of the Company's Constitution, Mr Krause seeks appointment to the office of Director of the Company. The proposed Director has provided the Company with written consent to being a Director of the Company.

The Board, with the exception of Mr Krause, unanimously recommends that members vote in favour of Mr Krause's re-election as a Director of the Company.

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## **RESOLUTION 3 – CONFIRM APPOINTMENT OF DIRECTOR – MR STEPHEN LAYTON**

In accordance with Section 9 of the Company's Constitution which relevantly states that:

- 9.1 "The Company in general meeting may by resolution and the directors may at any time appoint a person qualified to be a director, either to fill a casual vacancy or as an addition to the existing directors, but so that the total number of directors does not at any time exceed the number fixed in accordance with this constitution".
- 9.2 "Any Director appointed under rule 9.1 holds office only until the termination of the next annual general meeting of the Company and is eligible for re-election at that annual general meeting but is not taken into account in determining the number of directors who must retire by rotation at that meeting."

Mr Layton was appointed Non-executive Director on 14 November 2017 and 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. Having raised capital for many ASX listed companies, 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 and his Professional Associations include SAFAA.

In accordance with Article 9 of the Company's Constitution, Mr Layton seeks appointment to the office of Director of the Company. The proposed Director has provided the Company with written consent to being a Director of the Company.

The Board, with the exception of Mr Layton, unanimously recommends that members vote in favour of Mr Layton's election as a Director of the Company.

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## RESOLUTION 4 – APPROVAL OF 10% PLACEMENT FACILITY

ASX Listing Rule 7.1A enables eligible entities to issue “equity securities” up to 10% of its issued Share capital through placements over a 12 month period after the Annual General Meeting (10% Placement Facility). The 10% Placement Facility is in addition to the Company’s 15% placement capacity under ASX Listing Rule 7.1.

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity as it is not included in the A&P/ASX 300 Index and has a current market capitalisation of approximately \$8.3 million.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue equity securities under the 10% Placement Facility. The exact number of equity securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (see below).

As disclosed in the Company’s previous Annual Reports and Quarterly Activity Reports, the Company continues to actively seek funding to settle the purchase of the Mt Carbine Quarry and Mining Leases, accelerate the exploration and development program for its lithium project in Chile and to advance the Company’s gold projects in New South Wales through the confirmation of new geological interpretations.

Should the Company utilise the 10% Placement Facility, the Company may seek to issue the equity securities for the following purposes:

- (i) non-cash consideration in relation to costs associated with the acquisition of new resource assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of resource assets or investments (which may include costs associated with due diligence and engagement of advisors in assessing new resource assets) and/or continued development on the Company’s existing resource assets in Australia (Gold projects in New South Wales and the Mt Carbine Hard Rock Project) and internationally (Lithium project in Chile) or to meet additional working capital requirements.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of this Resolution.

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### Description of ASX Listing Rule 7.1A

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**(a) Shareholder Approval**

The ability to issue equity securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an Annual General Meeting.

**(b) Equity Securities**

Any equity securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the Company.

The Company, as at the date of the Notice, has on issue Shares and Performance Rights.

**(c) Formula for Calculating the 10% Placement Facility**

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, a number of equity securities calculated in accordance with the following formula:

$$(A \times D) - E$$

**A** is the number of Shares on issue 12 months before the date of issue or agreement:

- a) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- b) plus the number of partly paid Shares that became fully paid in the 12 months;
- c) plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rule 7.1 or 7.4. This does not include an issue of fully paid Shares under the entity's 15% placement capacity without Shareholder approval;
- d) less the number of fully paid Shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%

**E** is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

**(d) Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue equity securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

In accordance with Listing Rule 7.1, as at the date of this Notice, the Company currently has on issue 554,876,418 Shares and the capacity to issue 83,231,463 equity securities.

Subject to Shareholder approval being sought under Resolution 4, under Listing Rule 7.1A the Company requests an additional 10% capacity which will increase the total number of equity securities that can be placed without Shareholder approval to 138,719,105 for the next 12 months.

The actual number of equity securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the equity securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to paragraph (c) above).

**(e) Minimum Issue Price**

The issue price of equity securities issued under Listing Rule 7.1A must not be less than 75% of the VWAP of equity securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the equity securities are to be issued is agreed; or
- (ii) if the equity securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the equity securities are issued.

**(f) 10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the Annual General Meeting at which approval is obtained; or
- (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by the ASX (10% Placement Period).

**Listing Rule 7.1A**

The effect of Resolution 4 will be to allow the Directors to issue the equity securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

**Specific Information Required by Listing Rule 7.3A**

In accordance with Listing Rule 7.3A, information is provided as follows:

- (a) The equity securities will be issued at an issue price of not less than 75% of the VWAP for the Company's equity securities over the 15 Trading Days immediately before:
  - (i) the date on which the price at which the equity securities are to be issued is agreed; or
  - (ii) if the equity securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the equity securities are issued.
- (b) If Resolution 4 is approved by Shareholders and the Company issues equity securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
  - (i) the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the Meeting; and
  - (ii) the equity securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date or the equity securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the equity securities.

- (c) The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of the Notice.
- (d) The table also shows:
  - (i) two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro-rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable "A"		No. of Shares issued under 10% placement capacity	Dilution		
			Issue price at 50% decrease to current price	Issue price at current price	Issue price at 50% increase in current price
			\$0.0075	\$0.015	\$0.0225
Current	554,876,418	55,487,642	\$416,157	\$832,315	\$1,248,472
150%	832,314,627	83,231,463	\$624,236	\$1,248,472	\$1,872,708
200%	1,109,752,836	110,975,284	\$832,215	\$1,664,629	\$2,496,944

\* The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of equity securities available under the 10% Placement Facility.
- (ii) No Convertible Securities (including any Convertible Securities issued under the 10% Placement Facility) are converted into Shares before the date of the issue of the equity securities;
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- (v) The table shows only the effect of issues of equity securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vi) The issue of equity securities under the 10% Placement Facility consists only of Shares.
- (vii) The issue price is \$0.015 being the closing price of Shares on the ASX on 3 October 2018.
- (e) The Company will only issue the equity securities during the 10% Placement Period. The approval of Resolution 4 for the issue of the equity securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change of the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (f) The Company may seek to issue the equity securities for the following purposes:
- (i) non-cash consideration in relation to costs associated with the acquisition of new resource assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of resource assets or investments (which may include costs associated with due diligence and engagement of advisors in assessing new resource assets) and/or continued development on the Company's existing resource assets in Australia and internationally and to meet additional working capital requirements.
- (g) The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any equity securities.

- (h) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
  - (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
  - (ii) the effect of the issue of the equity securities on the control of the Company;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from corporate, financial and broking advisers (if applicable).
- (i) The allottees under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing substantial Shareholders and/or new Shareholders who are not a related party or an associate of a related party of the Company. Further, if the Company is successful in acquiring new resource assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.
- (j) The Company previously obtained Shareholder approval under Listing Rule 7.1A on 29 November 2017 (previous approval).

The Company has issued no ordinary Shares pursuant to the Previous Approval.

In the 12 months preceding the date of the Meeting, the Company has issued 72,000,000 Equity Securities which represents 14.9% of the total number of Equity Securities on issue at the commencement of that 12-month period (being 482,876,418 shares at 29 November 2017).

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 2.

- (k) A voting exclusion statement is included in the Notice.
- (l) At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the equity securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

## SCHEDULE 1 – DEFINITIONS

**AGM** or **Annual General Meeting** means the Annual General Meeting to be held at 9:00 am on 29 November 2018 and notified to Shareholders by this Notice.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited or the Australian Securities Exchange, as the context requires.

**Board** means the Board of Directors and **Chairman** means the Chairman of the Board.

**Company** means Speciality Metals International Limited (ABN 77 115 009 106).

**Constitution** means the constitution of the Company as amended from time to time.

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

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

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

**Explanatory Notes** means the explanatory notes incorporated in this Notice.

**Group** or **Group Company** mean the Company and a body corporate that is a subsidiary of the Company within the meaning of Section 9 of the Corporations Act.

**Key Management Personnel** has the same meaning given in the accounting standards. Broadly speaking this includes the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The 2018 Annual Financial Report identifies the Key Management Personnel for the financial year ended 30 June 2018.

**Melbourne Time** means the time in Melbourne, Victoria, Australia.

**Notice** means this notice, incorporating the Explanatory Notes.

**Resolution** means a resolution set out in the Notice.

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

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

## SCHEDULE 2 – ISSUE OF EQUITY SECURITIES SINCE 29 NOVEMBER 2017

Date of issue:	6 February 2018
Number issued:	68,000,000
Class/Type of equity security:	Ordinary shares
Summary of terms	Share placement at \$0.025 per share.
Names of persons who received securities or basis on which those persons was determined:	Placement of shares to professional and sophisticated investors.
Price:	Issue price of \$0.025 per share.
Discount to market price (if any):	Nil
<b>For cash issues:</b>	
Total cash consideration received:	\$1,700,000
Amount of cash consideration spent:	\$1,700,000
Use of cash consideration:	Proceeds from the Placement have been used to further develop the Company's Chilean exploration and NSW Gold programs. The Company also used these funds to part settle the purchase of the Mt Carbine Quarry and Mining Leases.
Intended use for remaining amount of cash (if any):	Not applicable
<b>For non-cash issues</b>	
Non-cash consideration paid:	Not applicable
Current value of that non-cash consideration:	Not applicable

Date of issue:	22 June 2018
Number issued:	4,000,000
Class/Type of equity security:	Ordinary shares
Summary of terms	Issue of 4,000,000 shares to a Director of the Company as approved by shareholders at the general meeting held on 22 June 2018 and pursuant to the placement to institutional and sophisticated investors announced on 31 January 2018.
Names of persons who received securities or basis on which those persons was determined:	Mr Stephen Layton
Price:	Issue price of \$0.025 share
Discount to market price (if any):	Nil
<b>For cash issues:</b>	
Total cash consideration received:	\$100,000
Amount of cash consideration spent:	\$100,000
Use of cash consideration:	Proceeds from the Placement have been used to further develop the Company's Chilean exploration and NSW Gold programs. The Company also used these funds to part settle the purchase of the Mt Carbine Quarry and Mining Leases.
Intended use for remaining amount of cash (if any):	Not applicable
<b>For non-cash issues</b>	
Non-cash consideration paid:	Not applicable
Current value of that non-cash consideration:	Not applicable

**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

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(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**

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**For your vote to be effective it must be received by 9.00am (AEDT) on Tuesday, 27 November 2018**

**How to Vote on Items of Business**

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

**Appointment of Proxy**

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

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

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

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

**Signing Instructions**

**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 Annual General Meeting of Speciality Metals International Limited to be held at the offices of Baker McKenzie, Level 19, 181 William Street, Melbourne VIC 3000 on Thursday, 29 November 2018 at 9.00am (AEDT) and at any adjournment or postponement of that Meeting.

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

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

## STEP 2 Items of Business

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

	For	Against	Abstain
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Director - Mr Russell Henry Krause	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Confirm Appointment of Director - Mr Stephen Layton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval of 10% Placement Facility	<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 +