



2 July 2019

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COMPLETION OF THE ACQUISITION OF MT CARBINE QUARRIES & ANNOUNCEMENT OF \$2.9 MILLION SHAREHOLDER ENTITLEMENT OFFER

Completion of acquisition of Mt Carbine Quarries

Speciality Metals International Limited (ASX:SEI) (**Speciality Metals** or **Company**) is pleased to announce that it has completed the acquisition of 100% of Mt Carbine Quarries Pty Ltd (**Mt Carbine Quarries**), an entity that owns and operates the Mt Carbine quarry and mining leases ML4867 and ML4919 (**Mining Leases**) (**Acquisition**).

Entitlement Offer

Further, Speciality Metals is pleased to announce that it will be undertaking a capital raise via a pro-rata non renounceable shareholder entitlement offer (**Offer**), to raise up to approximately \$2.9 million.

The funds raised under the Offer (after costs) will be utilised for the purposes of providing working capital for the Company and its subsidiaries including Mt Carbine Quarries Pty Ltd (**Mt Carbine Quarries**) an entity, acquired by Speciality Metals on 28 June 2019, that owns and operates the Mt Carbine quarry and mining leases ML4867 and ML4919.

The Offer entitles eligible shareholders to acquire 1 new share for every 5 existing shares held in Speciality Metals at 0.018 cents per share. This is the same price per share as for the share placements that completed on Thursday, 16 May 2019 and Wednesday, 26 June 2019 respectively.

Eligible shareholders on the register as at 7.00pm (Sydney time) on Friday, 5 July 2019 are entitled to participate in the Offer.

The Offer is fully underwritten by Rymill Global Venture Ltd.

Given the Offer is fully underwritten, a top up facility will not be provided.

The Offer price equates to a discount of approximately 41.94% based on the share price at close of trading on Thursday, 27 June 2019 and a discount of approximately 31.46% to the 5-day volume weighted average price up to and including Thursday, 27 June 2019.

Speciality Metals Executive Chairman, Russell Krause, commented:

"As I have commented previously, the successful completion of the purchase of Mt Carbine Quarries Pty Ltd enables the Company to unlock the value of the Mt Carbine Tungsten project and enables the quarry operations to contribute to the cash flow of the Company. In order to successfully unlock this value, it is important that the Company has sufficient working capital to successfully achieve this goal.

With your financial support the Company will be able to achieve these goals. It is important to note that this issue is fully underwritten. The underwriter, Rymill Global Venture Ltd, fully understands the importance of your Company having sufficient working capital.

Accordingly, I invite shareholders to contribute via the current Rights Issue. This issue is priced on the same terms as the previous placements."

Offer details

The Offer will be open to shareholders on the record date at 7.00pm (Sydney time) on Friday, 5 July 2019:

- that have a registered address in Australia, New Zealand, Singapore, Malaysia, the United Kingdom or the British Virgin Islands; and;
- that are not located in the United States and are not a US Person or acting for the account of or benefit of a person in the United States or a US Person; and
- that are (in all cases) eligible under applicable securities laws to receive an offer under the Offer without any requirement for a prospectus to be lodged or registered.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable.

The shares issued under the Offer will rank equally in all respects with Speciality Metal's existing fully paid ordinary shares.

More information regarding the Offer will be set out in the Offer Booklet to be circulated to eligible shareholders in accordance with the timetable below. The Offer Booklet can be accessed from the ASX and Speciality Metal's website, www.asx.com.au and www.specialitymetalsintl.com.au respectively.

Key Dates

Date	Details
Tuesday, 2 July 2019	Announcement of the Offer Announcement of the Offer and lodgement of Offer Booklet, Appendix 3B and 708AA cleansing notice with the ASX
Friday, 5 July 2019	Record Date 7pm (Sydney time) The date which the Company determines eligible shareholders.
Wednesday, 10 July 2019	Open Date The date on which the Offer opens and Offer Booklets are despatched to shareholders.
Tuesday, 23 July 2019	Closing Date 5pm (Sydney time) The date on which the Offer closes. Applications and payments must be received by 5pm (Sydney time).
Friday, 26 July 2019	Shortfall Notification Date The date on which the Company will announce the shortfall (if any) under the Offer.
Tuesday, 30 July 2019	Issue Date The date shares under the Offer are issued.
Wednesday, 31 July 2019	Holding Statement Despatch Date & Trading Commences The date on which holding statements are sent to shareholders and shares under the Offer will commence trading on the ASX.

The above timetable is subject to change and the Company reserves the right to withdraw or vary the timetable for the Offer without notice. In particular, the Company reserves the right to extend the Closing Date for the Offer, to accept late applications whether generally or in particular cases or to withdraw the Offer without prior notice.

Executive services arrangements

Further, Speciality Metals wishes to advise that it has entered into a new services agreement with Russell Krause on the following terms:

Commencement Date:	1 July 2019
Terms of agreement:	Russell Krause is employed pursuant to an Agreement dated 1 July 2019. Russell Krause is engaged to be Executive Chairman and CEO.

Base Remuneration:	\$250,000 per annum.
Increase in fee:	On 1 July 2020, Mr Krause' remuneration will increase to \$350,000 per annum.
Long term incentive:	The remuneration will increase to \$500,000 per annum if the Company's: <ul style="list-style-type: none"> • gross revenue exceeds AUD\$20 million in any financial year; or • market capitalisation exceeds AUD\$150 million.
Termination:	Russell Krause or the Company may terminate that Agreement for any reason at any time by giving six month's written notice.

About Speciality Metals International Limited

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

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

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

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

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



RH Krause

Executive Chairman
Speciality Metals International Limited