



Speciality Metals International Limited

Notice of Annual General Meeting & Explanatory Statement

Speciality Metals International Limited ACN 115 009 106

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

To be held on: Monday, 18 November 2019

Commencing: 10:00am (Melbourne time)

Important Information

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

Important dates

Despatch of this Annual Notice of Meeting	Wednesday, 16 October 2019
Deadline for lodgement of proxy forms for the Annual General Meeting	10:00am (Melbourne time), Saturday, 16 November 2019
Annual General Meeting	10:00am (Melbourne time), Monday, 18 November 2019
Company notifies ASX that the Resolutions have been passed at the Annual General Meeting	Monday, 18 November 2019

Letter from the Chairman

Dear Shareholders,

We are pleased to invite you to the Annual General Meeting of Speciality Metals International Limited (**Company**).

In addition to customary resolutions, this Annual General Meeting seeks the approval of Shareholders for:

- the approval of the re-election of Mr Stephen Layton;
- the approval of the election of Mr Oliver Kleinhempel and Mr Yeo Zhui Pei;
- the approval under ASX Listing Rule 7.1A of the 10% placement facility.

All of the Directors entitled to make a recommendation in respect of a particular Resolution recommend that you vote in favour of adopting that Resolution.

With respect to the Annual General Meeting, this booklet contains the following:

- The notice of meeting for the Annual General Meeting which contains information about the business to be conducted at the Annual General Meeting, including the Resolutions to be put to the Annual General Meeting (see Part B);
- Information explaining the business to be conducted at the Annual General Meeting (see the Explanatory Statement at Part D); and
- How to vote, or appoint a proxy to vote on the Resolutions to be passed at the Annual General Meeting (see Part C).

Please read the whole of this booklet carefully as it provides important information on the Annual General Meeting, items of business and the Resolutions that you, as a Shareholder, are being asked to vote on.

Should you wish to discuss the matters in this Notice of Annual General Meeting please do not hesitate to contact the Company Secretary, Mr Adrien Wing, on (03) 9614 0600 (within Australia) and +61 3 9614 0600 (outside Australia).

By order of the Board

Dated: 16 October 2019



Russell Krause
Executive Chairman
Speciality Metals International Limited

Section A – Glossary

\$	Australian dollars.
AEDT	Australian Eastern Daylight Savings Time.
Annual General Meeting	The 2019 annual general meeting of Shareholders.
ASIC	The Australian Securities & Investments Commission.
ASX	The Australian Securities Exchange operated by ASX Limited.
ASX Listing Rules	The listing rules of the ASX.
Board	The board of directors of the Company.
Closely Related Party	<ul style="list-style-type: none"> • a spouse or child of the Shareholder; or • has the meaning given in section 9 of the Corporations Act.
Company	Speciality Metals International Limited ACN 115 009 106.
Constitution	The constitution of the Company.
Corporations Act	The <i>Corporations Act 2001</i> (Commonwealth) for the time being in force together with the regulations of the Corporations Act.
Directors	The directors of the Company.
Explanatory Statement	The explanatory statement accompanying the Notice of Annual General Meeting and contained in Part D.
Glossary	The glossary contained in Part A to this booklet.
Group	The Company and its Subsidiaries.
Key Management Personnel	Has the meaning given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
Notice of Annual General Meeting	The notice of the Annual General Meeting accompanying the Explanatory Statement for the Annual General Meeting and contained in Part B.
Part	A part of this booklet.
Proxy Form	The proxy form accompanying this booklet.
Resolution(s)	The resolution(s) contained in the Notice of Annual General Meeting.
Shareholders	The holders of all shares issued in the Company and Shareholder means any one of them.
Shares	All of the shares on issue in the share capital of the Company and Share means any one of them.
Subsidiaries	Has the meaning given in section 9 of the Corporations Act.

Section B – Notice of General Meeting

Time and place

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

- Held at: Thomson Geer, Level 39, Rialto South Tower 525 Collins Street Melbourne, VIC 3000.
- Commencing at: 10:00am (Melbourne time), Monday, 18 November 2019.

Explanatory Statement

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

Defined terms

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

ORDINARY BUSINESS

1. Financial statements and reports

To receive and consider the Company's 2019 Annual Report, which comprises the Directors' Report, the Auditor's Report and the Financial Report for the financial year ending 30 June 2019.

2. Resolution 1: Adoption of Remuneration Report

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

"That, for the purposes of section 250R(2) of the Corporations Act, and for all other purposes, Shareholders adopt the Remuneration Report for the financial year ended 30 June 2019 as disclosed in the Directors' Report for the year ending 30 June 2019."

Please note that the vote on this resolution is advisory only, and does not bind the Directors or the Company.

Short Explanation: This Resolution is required as a result of section 250R(2) of the Corporations Act, which requires that a resolution that the Remuneration Report of the Company be adopted must be put to a vote. The vote on this Resolution is advisory only and does not bind the Company.

Voting exclusion statement: In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- a member of the Key Management Personnel whose remuneration details are included in the remuneration report; or
- a Closely Related Party of such member.

However, the above persons may cast a vote on this Resolution if:

- the person does so as a proxy; and
- the vote is not cast on behalf of a member of the Key Management Personnel whose remuneration details are included in the remuneration report or a Closely Related Party of such a member; and
- either:
 - the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
 - the voter is the Chair of the Annual General Meeting and the appointment of the Chair as proxy does not specify the way the proxy is to vote on this Resolution and expressly authorises the Chair to vote as the proxy even if this 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.

1. Resolution 2: Re-election of Mr Stephen Layton

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

"That Mr Stephen Layton who retires by rotation as a Director of Speciality Metals International Limited in accordance with Rule 17.5 of the Constitution and, being eligible and offering himself for re-election, be re-elected as a Director of the Company."

Short Explanation: This Resolution is required as Rules 17.5 of the Company's Constitution provides that at each annual general meeting one-third of the Directors (except for the managing director), or, if their number is not three or a multiple of three, then the number nearest but not exceeding one-third, shall retire from office by rotation. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day shall (unless they otherwise agree between themselves) be determined by lot. The retiring Directors shall be eligible for re-election.

2. Resolution 3: Confirmation of appointment of Mr Oliver Kleinhempel

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

"That Mr Oliver Kleinhempel who was appointed by the Board of Speciality Metals International Limited on 12 August 2019 is confirmed as being appointed as a Director of Speciality Metals International Limited in accordance with Rule 17.7 of the Constitution"

Short Explanation: This Resolution is required as Rule 17.1 of the Company's Constitution provides that the Board have the power at any time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. That Director will hold office until the end of the next annual general meeting of the Company when the Director may be re-elected but will not be taken into account in determining the number of Directors who must retire by rotation.

3. Resolution 4: Confirmation of appointment of Mr Yeo Zhui Pei

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

"That Mr Yeo Zhui Pei who was appointed by the Board of Speciality Metals International Limited on 12 August 2019 is confirmed as being appointed as a Director of Speciality Metals International Limited in accordance with Rule 17.7 of the Constitution"

Short Explanation: This Resolution is required as Rule 17.1 of the Company's Constitution provides that the Board have the power at any time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. That Director will hold office until the end of the next annual general meeting of the Company when the Director may be re-elected but will not be taken into account in determining the number of Directors who must retire by rotation.

SPECIAL BUSINESS

4. Resolution 5: Approval of 10% Placement Facility

To consider and, if thought fit, pass 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."

Short Explanation: Approval under ASX Listing Rule 7.1A will enable the Company to issue "equity securities" up to a further 10% of its issued Share capital through placements over a 12 month period after the Annual General Meeting (**10% Placement Facility**). This is in addition to its 15% placement capacity under ASX Listing Rule 7.1.

Voting exclusion statement: The Company will disregard any votes cast in favour of 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:

- 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
- 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.

OTHER BUSINESS

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

Section B – How to vote

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

1. How to vote

You may vote in one of two ways:

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

2. Your vote is important

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

3. Corporations

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

Alternatively, a corporation may appoint a proxy.

4. Voting in person

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

5. Voting by proxy

General

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

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

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

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

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

Proxy vote if appointment specifies way to vote

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

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

Transfer of non-chair proxy to chair in certain circumstances

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

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

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

6. Eligibility to vote

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the General Meeting are those that are registered Shareholders at 10:00am (Melbourne time) on Saturday, 16 November 2019. If you are not the registered holder of a relevant Share at that time you will not be entitled to vote in respect of that Share.

7. Voting procedure

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

8. Enquiries

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

Section C – Explanatory Statement

This Explanatory Statement forms part of the Notice of General Meeting convening the General Meeting of Shareholders of the Company to be held at Thomson Geer, Level 39, Rialto South Tower 525 Collins Street Melbourne, VIC 3000, commencing at 10:00am (Melbourne time), Monday, 18 November 2019.

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

Purpose

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

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

Defined terms

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

Further information

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

GENERAL INFORMATION

1. Agenda Item 1 – Financial statements and reports

1.1 Purpose of Resolution

The 2019 Annual Report for the year ending 30 June 2019 includes the Directors' Reports, the Auditor's Report and the Financial Report (which includes the financial statements and directors' declaration).

The Corporations Act requires that the report of the directors, the auditor's report and the financial report be laid before the annual general meeting.

Apart from the matters involving remuneration which are required to be voted upon, neither the Corporations Act nor the Company's constitution requires a vote of shareholders at the annual general meeting on the 2019 Annual Report.

1.2 Questions to the Chairman

Shareholders will be given reasonable opportunity at the meeting to raise questions and make comments on the 2019 Annual Report.

In addition to asking questions at the meeting, shareholders may address written questions to the Chairman about the management of the Company or to the Company's auditor, Nexia Melbourne Audit Pty Ltd, if the question is relevant to:

- the content of the Auditor's Report; or
- the conduct of its audit of the Financial Report to be considered at the Annual General Meeting.

Note: Under section 250PA(1) Corporations Act a shareholder must submit the question to the Company no later than the fifth business day before the day on which the AGM is held.

Written questions for the auditor must be delivered by 4.00pm AEDT, Friday 15 November 2019.

2. Resolution 1: Adoption of Remuneration Report

2.1 Purpose of Resolution

The Remuneration Report of the Company for the financial year ending 30 June 2019 is set out in the Directors' Report contained in the 2019 Annual Report.

The Remuneration Report sets out the Company's remuneration arrangements for the executive and non-executive Directors and executive employees of the Company.

The Corporations Act at section 250R(2) requires that a resolution that the Remuneration Report of the Company be adopted must be put to a vote.

A reasonable opportunity will be given for the discussion of the Remuneration Report at the meeting.

This Resolution is an ordinary resolution.

2.2 Voting consequences

In accordance with the Corporations Act, the vote on this Resolution is advisory only and does not bind the Company.

However, Part 2G.2, division 9 of the Corporations Act provides that if at least 25% of the votes cast on this Resolution are voted against the adoption of the Remuneration Report at the Annual General Meeting, then:

- if comments are made on the Remuneration Report at the Annual General Meeting, the Company's Remuneration Report for the next financial year will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reason for this; and
- if at the next Annual General Meeting, at least 25% of the votes cast on the resolution for adoption of the Remuneration Report are against such adoption, the Company will be required to put to Shareholders a resolution proposing that a general meeting be called to consider the election of Directors of the Company (**Spill Resolution**). If a Spill Resolution is passed, all of the Directors, other than the managing director, will cease to hold office at the subsequent general meeting, unless re-elected at that meeting.

2.3 Voting exclusion and Directors' recommendations

As set out in the notes to Resolution 1, a voting exclusion statement applies with respect to the voting on this Resolution by certain persons connected to the Company.

The Board recommends that Shareholders vote in favour of adopting the Remuneration Report.

The Chairman of the Annual General Meeting intends to vote undirected proxies in favour of Resolution 1, subject to compliance with the Corporations Act.

3. Resolution 2: Re-election of Stephen Layton

3.1 Purpose of Resolution

Mr Stephen Layton was elected as a Director of the Company on 14 November 2017

Stephen Layton retires in accordance with Rule 17.5 of the Constitution, and being eligible, offers himself for re-election as a Director.

This Resolution is an ordinary resolution.

3.2 The law

Rule 17.5 of the Company's Constitution provides that at each annual general meeting one-third of the Directors (except for the managing director), or, if their number is not three or a multiple of three, then the number nearest but not exceeding one-third, shall retire from office by rotation. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day shall (unless they otherwise agree between themselves) be determined by lot.

The retiring Directors shall be eligible for re-election.

Rule 17.7 of the Company's Constitution provides that any directors appointed as an addition to the Board (for instance, Mr Oliver Kleinhempel and Mr Yeo Zhui Pei), will not be taken into account in determining the number of Directors who must retire by rotation.

ASX Listing Rule 14.4 provides that a director must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is longer.

Mr Stephen Layton and Mr Russell Krause were elected as Directors at the 2018 annual general meeting of the Company on 29 November 2018.

Given Mr Oliver Kleinhempel and Mr Yeo Zhui Pei do not count in determining the one third that must retire, that means that of the two directors, one of those two Directors must retire.

In determining which of the two Directors would retire, Rule 17.5 of the Company's Constitution provides that the Director or Directors to retire are determined by lot unless they otherwise agree between or among themselves.

The Directors have determined that Mr Stephen Layton will retire and stand for re-election.

3.3 Director resume

Mr Stephen Layton was appointed to the Board of the Company on 14 November 2017 and has over 35 years' experience in equity capital markets in the UK and Australia. Starting as a 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 has specialized in capital raising services and opportunities, corporate advisory, facilitation of ASX listings and assisting companies grow. Mr Layton has held both a principal and director roles in his advisory career and his professional associations include MSAFAA.

3.4 Directors' recommendations and interests

The Board (with Stephen Layton abstaining) recommends that shareholders vote in favour of Resolution 2.

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

4. Resolution 3: Confirmation of appointment of Mr Oliver Kleinhempel

4.1 Purpose of Resolution

Mr Oliver Kleinhempel was appointed by the Board as a Director of the Company on 12 August 2019 as an addition to the Board under Rule 17.7 of the Company's constitution.

Oliver Kleinhempel holds office until the 2019 Annual General Meeting at which time he will stand for re-election as a Director.

This Resolution is an ordinary resolution.

4.2 The law

Rule 17.7 of the Company's Constitution provides that the Board has the power at any time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. That Director will hold office until the end of the next annual general meeting of the Company when the Director may be re-elected but will not be taken into account in determining the number of Directors who must retire by rotation.

4.3 Director resume

Mr Kleinhempel started his career at Outotec, a leading Minerals & Metals Processing Technology Company, where he spent several years in Europe, South America and Southeast Asia on various assignments. In the recent 8 years Mr Kleinhempel held various Executive Management positions in the project development, finance and commodity trading sector, with a regional focus on Asia-Pacific.

Mr Kleinhempel holds a Bachelor's Degree in Business Administration from the Cooperative State University Baden-Wuerttemberg (Germany) and obtained a Master's Degree from the Mining Institute of the Clausthal University of Technology (Germany).

Mr Kleinhempel is also a Managing Director of CRONIMET Holding GmbH.

4.4 Directors' recommendations and interests

The Board (with Mr Oliver Kleinhempel abstaining) recommends that shareholders vote in favour of Resolution 3.

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

5. Resolution 4: Confirmation of appointment of Mr Yeo Zhui Pei

5.1 Purpose of Resolution

Mr Yeo Zhui Pei was appointed by the Board as a Director of the Company on 12 August 2019 as an addition to the Board under Rule 17.7 of the Company's constitution.

Mr Yeo Zhui Pei holds office until the 2019 Annual General Meeting at which time he will stand for re-election as a Director.

This Resolution is an ordinary resolution.

5.2 The law

Rule 17.7 of the Company's Constitution provides that the Board has the power at any time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. That Director will hold office until the end of the next annual general meeting of the Company when the Director may be re-elected but will not be taken into account in determining the number of Directors who must retire by rotation.

5.3 Director resume

In 2012, Mr Yeo graduated with first class honours from the Imperial College London in Electrical and Electronic Engineering. Since then, Mr Yeo has been working at a leading system integrator in the telecommunications industry in South-East Asia. Over the years, he has taken on executive, management and supervisory roles. This has allowed him to gain a wide range of experience from project planning to resource management to commercial negotiations. Mr Yeo is also a Director of a steel-product manufacturer

5.4 Directors' recommendations and interests

The Board (with Mr Yeo Zhui Pei abstaining) recommends that shareholders vote in favour of Resolution 4.

The Chairman of the Annual General Meeting intends to vote undirected proxies in favour of Resolution 4.

6. Resolution 5: Approval of 10% Placement Facility

6.1 Purpose of Resolution

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 \$58.3 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).

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

- (a) 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
- (b) 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 or to meet additional working capital requirements.

Resolution 5 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).

6.2 The law — Description of ASX Listing Rule 7.1A

(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.

(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:

- (i) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid Shares that became fully paid in the 12 months;
- (iii) 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;
- (iv) 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 98,729,631 Shares and the capacity to issue 147,409,445 equity securities.

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 by 98,272,963 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;
- (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**).

6.3 Effect of Listing Rule 7.1A

The effect of Resolution 5 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.

6.4 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 5 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 (\$0.025)	Issue price at current price (\$0.05)	Issue price at 50% increase in current price (\$0.075)
Current (98,729,631)	98,272,963	\$2,456,824	\$4,913,648	\$7,370,472
150% (1,474,094,446)	147,409,445	\$3,685,236	\$7,370,472	\$11,055,708
200% (1,965,459,261)	196,545,926	\$4,913,648	\$9,827,296	\$14,740,944

* 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 \$0.05 (5 cents) being the closing price of Shares on the ASX on 7 October 2019.
- (e) The Company will only issue the equity securities during the 10% Placement Period. The approval of Resolution 5 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 2018 (**Previous Approval**).

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

In the 12 months preceding the date of the Annual General Meeting, the Company has issued 427,853,213 Equity Securities which represents 77.10% of the total number of Equity Securities on issue at the commencement of that 12-month period (being 554,876,418 shares at 29 November 2018).

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 below:

Date of issue:	16 May 2019
Number issued:	83,231,463 The issue was ratified on 17 June 2019.
Class of security:	Ordinary shares (Shares)
Summary of terms:	Tranche 1 share placement at \$0.018 per Shares (1.8 cents)
Names of persons who received the securities or basis on which those persons were determined:	The Shares were issued to clients of the Lead Manager and sophisticated and professional investors.
Price:	\$0.018 per Shares (1.8 cents)
Discount to market (if any) that the price represented to the closing market price on the date of issue:	27.7% discount

For cash issues	
Total cash consideration received:	\$1,498,166.33
Amount of cash consideration spent:	\$1,498,166.33
What the cash consideration was spent on:	To complete the Acquisition and acquire 100% of the issued share capital in Mount Carbine Quarries Pty Ltd as well as general working capital requirements.
Intended use of any remaining cash (if any):	N/A
For non-cash issues	
Non-cash consideration paid:	N/A
Current value of the non-cash consideration:	N/A

Date of issue:	25 June 2019
Number issued:	160,000,000 The issue was approved on 17 June 2019.
Class of security:	Ordinary shares (Shares)
Summary of terms:	Tranche 2 share placement at \$0.018 per Shares (1.8 cents)
Names of persons who received the securities or basis on which those persons were determined:	The Shares were issued to clients of the Lead Manager and sophisticated and professional investors.
Price:	\$0.018 per Shares (1.8 cents)
Discount to market (if any) that the price represented to the closing market price on the date of issue:	34.7% discount
For cash issues	
Total cash consideration received:	\$2,880,000
Amount of cash consideration spent:	\$2,880,000
What the cash consideration was spent on:	To complete the Acquisition and acquire 100% of the issued share capital in Mount Carbine Quarries Pty Ltd as well as general working capital requirements.
Intended use of any remaining cash (if any):	N/A
For non-cash issues	
Non-cash consideration paid:	N/A
Current value of the non-cash consideration:	N/A

Date of issue:	31 July 2019
Number issued:	112,733,514 The issue fell under the Listing Rule 7.2 exception 1
Class of security:	Ordinary shares (Shares)

Summary of terms:	Non-renounceable pro-rata entitlement offer on a 1 for 5 basis at \$0.018 per Shares (1.8 cents)
Names of persons who received the securities or basis on which those persons were determined:	The Shares were issued to eligible shareholders in accordance with the published Offer Booklet.
Price:	\$0.018 per Shares (1.8 cents)
Discount to market (if any) that the price represented to the closing market price on the date of issue:	43.7% discount
For cash issues	
Total cash consideration received:	\$2,029,203.25
Amount of cash consideration spent:	\$2,029,203.25
What the cash consideration was spent on:	General working capital requirements following the acquisition and acquire 100% of the issued share capital in Mount Carbine Quarries Pty Ltd.
Intended use of any remaining cash (if any):	N/A
For non-cash issues	
Non-cash consideration paid:	N/A
Current value of the non-cash consideration:	N/A

Date of issue:	2 August 2019
Number issued:	46,888,236 The issue fell under the Listing Rule 7.2 exception 2
Class of security:	Ordinary shares (Shares)
Summary of terms:	Underwritten shortfall of the non-renounceable pro-rata entitlement offer on a 1 for 5 basis at \$0.018 per Shares (1.8 cents)
Names of persons who received the securities or basis on which those persons were determined:	The Shares were placed by the underwriter in accordance with the published Offer Booklet.
Price:	\$0.018 per Shares (1.8 cents)
Discount to market (if any) that the price represented to the closing market price on the date of issue:	40.0% discount
For cash issues	
Total cash consideration received:	\$843,988.248
Amount of cash consideration spent:	\$843,988.248
What the cash consideration was spent on:	General working capital requirements following the acquisition and acquire 100% of the issued share capital in Mount Carbine Quarries Pty Ltd.
Intended use of any remaining cash (if any):	N/A

For non-cash issues	
Non-cash consideration paid:	N/A
Current value of the non-cash consideration:	N/A

Date of issue:	2 August 2019
Number issued:	25,000,000 The issue fell under the Listing Rule 7.2 exception 4 as they were previously approved by shareholders on 22 July.
Class of security:	Ordinary shares (Shares)
Summary of terms:	The Shares were issued on conversion of the Performance Rights on a 1:1 basis. Conversion as a result of achieving milestone, namely completion of the Mt Carbine Quarries Pty Ltd transaction.
Names of persons who received the securities or basis on which those persons were determined:	The Shares were issued to entities controlled by Mr Russell Krause, Mr Stephen Layton and Mr Roland Nice.
Price:	\$0.018 per Shares (1.8 cents)
Discount to market (if any) that the price represented to the closing market price on the date of issue:	N/a - issued for nil consideration and non-cash
For cash issues	
Total cash consideration received:	N/A
Amount of cash consideration spent:	N/A
What the cash consideration was spent on:	N/A
Intended use of any remaining cash (if any):	N/A
For non-cash issues	
Non-cash consideration paid:	Conversion of Performance Rights as a result of achieving milestone, namely completion of the Mt Carbine Quarries Pty Ltd transaction.
Current value of the non-cash consideration:	N/A

- (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.

6.5 Directors' recommendations and interests

The Board recommends that shareholders vote in favour of Resolution 5.

The Chairman of the Annual General Meeting intends to vote undirected proxies in favour of Resolution 5.



Need assistance?



Phone:

(03) 9614 0600 (within Australia)
+61 3 9614 0600 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10.00am (Melbourne time) on Saturday, 16 November 2019.**

Proxy Form

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 FOR POSTAL FORMS

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

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

By Mail:

Level 17, 500 Collins Street
Melbourne
Victoria 3000

By Fax:

03 9614 0550



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

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

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

the Chair of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chair 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 Chair 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 Thomson Geer, Level 39, Rialto South Tower, 525 Collins Street, Melbourne, VIC 3000 on Monday, 18 November 2019 at 10:00am (Melbourne time) and at any adjournment or postponement of that meeting.

Chair authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention in step 2) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chair.

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

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.

Ordinary Business

	For	Against	Abstain
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Mr Stephen Layton as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Confirmation of appointment of Mr Oliver Kleinhempel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Confirmation of appointment of Mr Yeo Zhui Pei	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Special Business

Resolution 5 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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The Chair of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chair of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 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 / /