



26 October 2020

Company Announcements Office  
ASX Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

### Notice of 2020 Annual General Meeting and Proxy Form

In accordance with the Listing Rules, attached are the following Speciality Metals International Limited (the **Company**) documents for release to the market:

- Notice of 2020 Annual General Meeting (AGM); and
- Sample Proxy Form.

Having regard to social distancing requirements and in the interests of the health and safety of our shareholders, directors and staff, the Company has decided that its AGM will be held as a virtual event. This approach is in line with temporary modifications to the law and current regulatory guidance.

The Company's virtual AGM will be held on Thursday 26 November 2020 at 2:00pm (AEST) / 3:00pm (AEDT).

A copy of the Company's 2020 Annual Report was previously released to the market on 29 September 2020.

Release of market announcement authorised by:

**Suzanne Irwin**  
**Company Secretary**  
Speciality Metals International Limited

**Further Enquiries:**

**Peter Taylor**  
**Investor Relations**  
0412 036 231  
peter@nwrcommunications.com.au

### About the Company

Speciality Metals International Limited is an ASX-listed company transforming its world-class tungsten assets at Mt Carbine in North Queensland; leveraging advanced technology, historical stockpiles and unexploited resource with the aim of being the pre-eminent tungsten producer in Australia. The Company also holds gold exploration licences in New South Wales. 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 new economy and critical minerals sector.



## Notice of Annual General Meeting & Explanatory Statement

The Annual General Meeting of Speciality Metals International Limited (the **Company**) will be held as a virtual meeting, accessible online on:

**Thursday 26 November 2020 at 2:00pm (AEST) / 3:00pm (AEDT).**

This Notice of Annual General Meeting (**AGM**) 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 INFORMATION REGARDING COVID-19**

This AGM will be held as a virtual meeting in a manner that is consistent with the temporary modifications to the *Corporations Act 2001 (Cth)* introduced by the Commonwealth Treasurer; physical attendance is not being offered in order to comply with Government restrictions and to ensure the health and safety of staff and shareholders.

Shareholders are strongly encouraged to lodge their completed proxy forms in accordance with the instructions in this Notice. Details on attending the AGM virtually and voting virtually are included in this Notice and on the Company's website: <http://www.specialitymetalsintl.com.au/home>

Note: two logins are required if you wish to:

1. attend virtually via Zoom; and
2. vote virtually via the Automic website.

Should you wish to discuss any matter in relation to this Notice, please contact as appropriate:

- the Share Registry on 1300 288 664;
- Investor Relations, 'Mr Peter Taylor of NWR Communications on +61 412 036 231; or
- the Company Secretary, Ms Suzanne Irwin, on +61 417 434 457.

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**Important Dates**

Despatch of this Notice of AGM	Monday, 26 October 2020
Deadline for lodgement of proxy forms for the AGM	2:00pm (AEST) / 3:00pm (AEDT), Tuesday, 24 November 2020
Cut-off for Shareholders deemed eligible to vote at AGM	6:00pm (AEST) / 7:00pm (AEDT), Tuesday, 24 November 2020
Annual General Meeting	2:00pm (AEST) / 3:00pm (AEDT), Thursday, 26 November 2020
Company notifies ASX of the Resolutions passed at the AGM	Thursday, 26 November 2020

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## Letter from the Chair

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Dear Fellow Shareholder,

I invite you to participate in the 2020 AGM of the Company.

This year, we are holding a fully virtual AGM to comply with the restrictions in place for coronavirus (COVID-19) and to protect the health and safety of our staff and Shareholders. Whilst we don't have on this occasion, an opportunity to meet in person at a physical venue, you will be able to watch and participate in the meeting in real-time on your computer or mobile device through an online platform that allows you to submit questions and vote. Further information on how you can participate in the AGM is set out on the following pages of this Notice of AGM.

At the meeting, our Board and Leadership Team will provide an overview of the Company's performance during the 2020 financial year. Additional information regarding the Company's performance is contained in the 2020 Annual Report, which can be viewed on the Company's website.

This AGM seeks the approval of Shareholders for:

1. the adoption of the remuneration report;
2. my re-election as Director, having offered myself for re-election following retirement by rotation;
3. the election of Ms Kim Cavallaro as Director, having been appointed a Director by the Board in accordance with the Constitution on 1 October 2020;
4. the Securities issued under ASX Listing Rules 7.1;
5. the Company's Employee Equity Incentive Plan;
6. the 10% placement facility under ASX Listing Rule 7.1A;
7. an amendment to the Constitution due to a change in ASX Listing Rules; and
8. change of name for the Company.

All of the Directors entitled to make a recommendation in respect of a particular resolution to be voted on at the AGM (**Resolution**) recommend that you vote in favour of adopting that Resolution.

Please read the whole of this booklet carefully as it provides important information, namely:

- *Part B Notice of AGM* outlining the items of business including the Resolutions;
- *Part C How to Vote* including how to appoint a proxy to vote on the Resolutions; and
- *Part D Explanatory Statement* about the business to be conducted at the AGM.

I look forward to welcoming you to the Company's 2020 AGM.



Oliver Kleinhempel  
**Chair, Speciality Metals International Limited**

## Part A – Glossary

<b>\$</b>	Australian dollars.
<b>AEDT</b>	Australian Eastern Daylight Savings Time.
<b>AEST</b>	Australian Eastern Standard Time.
<b>Annual General Meeting or AGM</b>	2020 annual general meeting of Shareholders.
<b>ASIC</b>	Australian Securities & Investments Commission.
<b>associate</b>	has the meaning given in section 9 of the Corporations Act.
<b>ASX</b>	Australian Securities Exchange operated by ASX Limited.
<b>ASX Listing Rules</b>	the listing rules of the ASX.
<b>Board</b>	the board of directors of the Company.
<b>Closely Related Party</b>	<ul style="list-style-type: none"> <li>○ a spouse or child of the Shareholder; or</li> <li>○ has the meaning given in section 9 of the Corporations Act.</li> </ul>
<b>Company</b>	Speciality Metals International Limited ACN 115 009 106.
<b>Constitution</b>	the constitution of the Company.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth) for the time being in force together with the regulations of the Corporations Act.
<b>Directors</b>	the directors of the Company and <b>Director</b> means any one of them, as the context requires.
<b>Explanatory Statement</b>	the explanatory statement accompanying the Notice and contained in Part D.
<b>Group</b>	Company and its Subsidiaries.
<b>Key Management Personnel or KMP</b>	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).
<b>Notice</b>	the notice of the Annual General Meeting accompanying the Explanatory Statement for the Annual General Meeting and contained in Part B.
<b>Proxy Form</b>	the proxy form accompanying this booklet.
<b>Resolutions</b>	the resolutions contained in the Notice and <b>Resolution</b> is any one of them as the context requires.
<b>Shareholders</b>	the holders of all shares issued in the Company and <b>Shareholder</b> means any one of them as the context requires.
<b>Shares</b>	all of the shares on issue in the share capital of the Company and <b>Share</b> means any one of them as the context requires.
<b>Subsidiaries</b>	has the meaning given in section 9 of the Corporations Act.

## Part B – Notice of AGM

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This Notice of AGM (**Notice**) is given based on circumstances as at 26 October 2020.

Given the uncertainty surrounding the COVID-19 pandemic, circumstances may have changed by the time the Notice is received by Shareholders. If this happens, the Company will make an announcement on the ASX announcements platform and on the Company's website. Shareholders are encouraged to monitor the platform and website accordingly.

The Directors have determined that the persons eligible to vote at the AGM are those who are registered as Shareholders at 6:00pm (AEST) / 7:00pm (AEDT) on Tuesday, 24 November 2020.

### Virtual Venue - Dial-In Details

Notice is hereby given that the AGM will be conducted as a virtual meeting on:

**Thursday, 26 November 2020 at 2:00pm (AEST) / 3:00pm (AEDT).**

If you wish to virtually attend the AGM (which will be broadcast as a live Zoom webinar), please pre-register here: [https://us02web.zoom.us/webinar/register/WN\\_bxi9Fw2fQt2No0A-IEqjMA](https://us02web.zoom.us/webinar/register/WN_bxi9Fw2fQt2No0A-IEqjMA).

After registering you will receive a confirmation containing information on how to attend the virtual AGM.

At the virtual AGM, Shareholders will be able to:

- see the meeting presentation materials and watch the meeting live;
- vote online during the meeting, and
- ask questions and make comments online during the meeting in respect to both formal and general lines of business.

All Resolutions proposed to be voted on at the meeting will be decided on a poll.

Shareholders are encouraged to submit questions in advance, by writing to Ms Suzanne Irwin, Company Secretary, at [sirwin@spmetals.com.au](mailto:sirwin@spmetals.com.au) at least 48 hours before the start of the AGM.

### Explanatory Statement

The Explanatory Statement which accompanies, and forms part of this Notice describes the matters to be considered at the AGM, including the Resolutions.

### Defined terms

Terms and abbreviations used in this Notice and Explanatory Statement are defined in the Glossary in Part A of this Notice.

## AGENDA

### ORDINARY BUSINESS

#### 1. Financial statements and reports

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To receive and consider the 2020 Annual Report of the Company and its controlled entities for the year ended 30 June 2020, which includes the Financial Report, the Directors' Report and the Auditor's Report. The Annual Report is available on the Company's website and will be placed before the Shareholders for discussion. Shareholders will be given the opportunity to ask questions and make comments on the Annual Report; however, there is no requirement for Shareholders to approve the Annual Report and no voting is required on this matter.

#### 2. Resolution 1: Adoption of Remuneration Report

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To consider and, if thought fit, pass the following resolution as an **ordinary resolution** (on an advisory and non-binding basis):

*"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 2020 as disclosed in the Directors' Report for the year ending 30 June 2020."*

**Short Explanation:** This Resolution is required as a result of section 250R(2) of the Corporations Act, which requires that a resolution for the adoption of the Remuneration Report of the Company must be put to a vote. The vote on this Resolution is advisory only and does not bind the Directors or 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 (**KMP**) of whose remuneration details are included in the remuneration report for the year ended June 2020; or
- a Closely Related Party of such a 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 for the year ended June 2020 or a Closely Related Party of such a member; and
- either:
  - the voter is appointed as a proxy in writing that specifies the way the proxy is to vote on this Resolution; or
  - the voter is the Chair of the AGM and the appointment of the Chair as Proxy does not specify the way the proxy is to vote and expressly authorises the Chair to exercise the Proxy even though that resolution is connected with the remuneration of a member of the Company's KMP.

#### 3. Resolution 2: Re-election of Mr Oliver Kleinhempel as Director

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

*"That Mr Oliver Kleinhempel 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 Rule 17.5 of the 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.

#### 4. **Resolution 3: Confirmation of appointment of Ms Kim Cavallaro as Director**

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

*"That Ms Kim Cavallaro who was appointed a Director by the Board on 1 October 2020 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 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. **Resolution 4(a) – (b): Subsequent approval under ASX Listing Rule 7.4 of Securities issued under ASX Listing Rules 7.1**

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

**4(a)** *"That for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue of 2,500,000 Shares as consideration of consulting fees pursuant to the Mt Carbine acquisition on 27 December 2019 under ASX Listing Rule 7.1."*

**4(b)** *"That for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue of 125,000,000 Shares to sophisticated and professional investors on 6 March 2020 under ASX Listing Rule 7.1."*

**Short Explanation:** Resolutions 4(a)-(b) seek subsequent Shareholder approval pursuant to ASX Listing Rule 7.4 for the Securities issued without Shareholder approval under Listing Rule 7.1 which if approved, would fully reinstate the Company's 15% placement capacity for the next twelve (12) months under Listing Rule 7.1.

**Voting exclusion statement for Resolutions 4(a)-(b):**

The Company will disregard any votes cast in favour of:

- Resolution 4(a) by Dr Leon Pretorius and any person who might obtain a benefit (other than a benefit solely in the capacity of a holder of ordinary securities) if Resolution 4(a) is passed, and any associates of this person.
- Resolution 4(b) by the sophisticated and professional investors that participated in the 125,000,000 March 2020 Share placement, and any person who might obtain a benefit (other than a benefit solely in the capacity of a holder of ordinary securities) if Resolution 4(b) is passed, and any associates of those persons.

However, this does not apply to a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 6. Resolution 5: Approval of Equity Incentive Plan

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To consider and, if in favour, to pass the following resolutions as an **ordinary resolution**:

*“That for the purposes of ASX Listing Rule 7.2 Exception 13 and for all other purposes, the Company authorises the Directors to issue equity securities in the Company for three years commencing on 26 November 2020 upon and subject to the terms of the Equity Incentive Plan, which are summarised in the Explanatory Statement accompanying this Notice.”*

**Voting exclusion statement:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is eligible to participate in the Equity Incentive Plan or an associate of those persons.

However, this does not apply to a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## SPECIAL BUSINESS

### 7. Resolution 6: Approval of 10% Placement Facility

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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 Speciality Metals International Limited (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 Statement 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 AGM (**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, this does not apply to a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

This is a Special Resolution requiring at least 75% of the votes cast by Shareholders entitled to vote to be in favour of the Resolution in order for it to pass.

### 8. Resolution 7: Amendment of Constitution

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To consider and, if thought fit, pass the following resolution as a **Special Resolution**:

*“That for the purposes of section 136(2) of the Corporations Act, the Constitution of Speciality Metals International Limited be modified by making the amendments contained within the Explanatory Statement accompanying this Notice.”*

**Short Explanation:** An update to accommodate the amendments to ASX Listing Rule 15.12 which came into effect on 1 December 2019 in relation to changes in the escrow regime. This amendment aligns the Constitution to the two-tier escrow regime introduced to replace the previous requirement for all holders of restricted securities to enter into the ASX prescribed restriction agreements with the Company.

This is a Special Resolution requiring at least 75% of the votes cast by Shareholders entitled to vote to be in favour of the Resolution in order for it to pass.

**9. Resolution 8: Change of Company Name**

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To consider and, if thought fit, to pass, the following resolution as a **Special Resolution**:

*“That, with effect from the date that ASIC alters the details of the Company’s registration in accordance with section 157 of the Corporations Act, the name of the Company be changed to “EQ Resources Limited”.”*

This is a Special Resolution requiring at least 75% of the votes cast by Shareholders entitled to vote to be in favour of the Resolution in order for it to pass.

**OTHER BUSINESS**

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To transact any other business which may be brought forward in accordance with the Constitution.

## Part C – How to Vote

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### 1. Your vote is important

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The business of the AGM affects your Shareholding and your vote is important.

### 2. How to vote

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You may vote in one of two ways:

- virtually voting on day of AGM; or
- voting by proxy (see below on how to vote by proxy).

### 3. Corporate Shareholders

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Any corporate Shareholder that has appointed a person to act as its corporate representative should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that Shareholder's representative. A certificate of appointment can be obtained from the Company's share registry, Automic on 1300 228 664 or +61 2 9698 5141 (overseas) and provided in advance of the meeting when the appointed representative registers.

Alternatively, a corporate Shareholder may appoint a proxy.

### 4. Virtually voting on day of AGM

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Shareholders who wish to vote on the day of the AGM will need to have an Automic account. If you do not have one, you will need to register in advance of the AGM to avoid delays on the day of the meeting.

#### How do I create an Automic account?

To create an Automic account, go to the Automic website (<https://investor.automic.com.au/#/home>); click on 'register' and follow the steps. Shareholders will require their holder number (Security Reference Number (SRN) or Holder Identification Number (HIN)) to create an Automic account.

#### How to vote using your Automic account

1. Login to the Automic website <https://investor.automic.com.au/#/home> using username and password;
2. Meeting registration on the day of AGM: once the virtual meeting has opened, click on 'Meeting open for registration' and follow the steps; and
3. Live voting on the day of AGM: once the live voting has opened, click on 'Meeting open for voting' and follow the steps.

## 5. Voting by proxy

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### General

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative to vote in their place. All Shareholders are invited and encouraged to virtually attend the meeting or, if they are unable to attend, sign and return the Proxy Form to the Company in accordance with the instructions on the form. Lodgement of a Proxy Form will not preclude a Shareholder from virtually attending and voting at the meeting.

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.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

To appoint a second proxy, you must follow the instructions on the Proxy Form.

To be valid, your Proxy Form (and any power of attorney under which it is signed) must be received at one of the addresses given below no later than 48 hours before the commencement of AGM, being 2:00pm (AEST) / 3:00pm (AEDT) on Tuesday 24 November 2020. Any Proxy Form received after that time will not be valid.

**By online voting:** <https://investor.automic.com.au/#/loginsah>

**By email:** [meetings@automicgroup.com.au](mailto:meetings@automicgroup.com.au)

**By post:** Automic, GPO Box 5193, Sydney NSW 2001

Sections 250BB and 250BC of the Corporations Act apply to voting by proxy. Shareholders and their proxies should be aware of the requirements under the Corporations Act, as they will apply to this AGM:

- 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 requirements 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, relevantly:

- 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;
- the appointed proxy is not the Chair of the meeting;
- 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**

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The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the AGM are **registered Shareholders at 6:00pm (AEST) / 7:00pm (AEDT) on Tuesday, 24 November 2020.**

If you are not a registered Shareholder at that time you will not be entitled to vote in respect of that Share.

## **7. Voting procedure**

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All resolutions at this AGM will be decided on a poll. Every person entitled to vote will have one vote for each voting share held by that person.

## **8. Enquiries**

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For all enquiries, please contact the Company Secretary, Ms Suzanne Irwin on +61 417 434 457.

## Part D – Explanatory Statement

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This Explanatory Statement forms part of the Notice of AGM commencing at:

**2:00pm (AEST) / 3:00pm (AEDT), Thursday, 26 November 2020.**

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

### 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 AGM.

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

### Defined terms

Terms used in this Explanatory Statement have the meaning given to them in the Glossary in Part A of the Notice.

## GENERAL INFORMATION

### 1. Agenda Item 1 – Financial statements and reports

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#### 1.1 Purpose of Agenda Item

The 2020 Annual Report for the year ending 30 June 2020 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 Constitution requires a vote of Shareholders at the AGM on the 2020 Annual Report.

#### 1.2 Questions to the Chair

Shareholders will be given reasonable opportunity at the meeting to raise questions and make comments on the 2020 Annual Report.

In addition to asking questions at the meeting, Shareholders may address written questions to the Chair 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 AGM.

Written questions for the auditor must be delivered to the Company **by 4.00pm (AEST) / 5.00pm (AEDT), Thursday 19 November 2020**. Under section 250PA(1) of the 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.

## **2. Resolution 1: Adoption of Remuneration Report**

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### **2.1 Purpose of Resolution**

The Remuneration Report of the Company for the financial year ending 30 June 2020 is set out in the Directors' Report contained in the 2020 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 for the adoption of the Remuneration Report of the Company 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 AGM, then:

- if comments are made on the Remuneration Report at the AGM, 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 AGM, 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 (**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 Chair intends to vote undirected proxies in favour of Resolution 1, subject to compliance with the Corporations Act.

### **3. Resolution 2: Re-election of Mr Oliver Kleinhempel as Director**

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#### **3.1 Purpose of Resolution**

Mr Oliver Kleinhempel was appointed as a Director of the Company on 12 August 2019 and nominated a Chair of the Board from 24 April 2020.

Mr Oliver Kleinhempel retires by rotation 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 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 Constitution provides that any directors appointed as an addition to the Board (for instance, Ms Kim Cavallaro), 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, Mr Oliver Kleinhempel and Mr Yeo Zhui Pei were elected as Directors at the 2019 annual general meeting of the Company on 18 November 2019.

Given Ms Kim Cavallaro does not count in determining the one third that must retire, that means that one of the three other Directors must retire.

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

Mr Oliver Kleinhempel has offered and the Directors have agreed that he will retire and stand for re-election at this AGM.

#### **3.3 Director resume**

Mr Kleinhempel was appointed Non-executive Director on 12 August 2019 and subsequently Non-executive Chair on 24 April 2020. 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 9 years, Mr Kleinhempel held various executive management positions in project development, finance and commodity trading sectors, 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).

*Special responsibilities:* Chair of the Board and the Risk Committee. Member of both the Audit and the Remuneration & Nomination Committees.

### 3.4 **Directors' recommendations and interests**

The Board (with Mr Oliver Kleinhempel abstaining) recommends that Shareholders vote in favour of Resolution 2.

The Chair intends to vote undirected proxies in favour of Resolution 2.

## **4. Resolution 3: Confirmation of appointment of Ms Kim Cavallaro as Director**

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### 4.1 **Purpose of Resolution**

Ms Kim Cavallaro was appointed by the Board as a Director on 1 October 2020 as an addition to the Board under Rule 17.7 of the Constitution.

Ms Kim Cavallaro holds office until the 2020 Annual General Meeting at which time she will stand for re-election as a Director.

This Resolution is an ordinary resolution.

### 4.2 **The law**

Rule 17.7 of the 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**

Ms Cavallaro commenced as Chief Commercial Officer (CCO) on 1 July 2020 in which role she will continue until she assumes the role of Chief Executive Officer (CEO) and Managing Director of the Company, expected to be near the end of the year.

Ms Cavallaro holds a Bachelor of Arts/Law (Hon) from the University of Queensland, a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia and is a graduate member of the Australian Institute of Company Directors. She is a practicing lawyer, registered with the Queensland Law Society.

Ms Cavallaro's 20-year career spans roles at leading international law firms in Brisbane, Hong Kong and San Francisco, where she practiced corporate law specializing in mergers and acquisitions, joint ventures, corporate finance and listed company transactions (including IPOs and rights issues) on The Stock Exchange of Hong Kong (Main Board and GEM), Nasdaq and ASX.

Most recently, Ms Cavallaro was the Head of Legal and Company Secretary, Australia-Asia for Hatch, a global consulting engineering and professional services firm with 9,000 staff in over 150 countries servicing the mining, infrastructure and energy sectors. In her 15 years at Hatch,

she has advised on all aspects of governance and corporate risk, contract structuring, commercial negotiations and dispute resolution. Ms Cavallaro was also a member of Hatch's Regional Leadership Team and Sustainability Committee.

#### 4.4 Directors' recommendations and interests

The Board (with Ms Kim Cavallaro abstaining) recommends that Shareholders vote in favour of Resolution 3.

The Chair intends to vote undirected proxies in favour of Resolution 3.

### 5. Resolution 4(a) and 4(b): Subsequent approval under ASX Listing Rule 7.4 of Securities issued under ASX Listing Rules 7.1

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#### 5.1 Purpose of Resolution

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

These Resolutions are special resolutions requiring at least 75% of the votes cast by Shareholders entitled to vote to be in favour of the Resolutions in order for them to pass.

If Shareholders do not approve these Resolutions, the securities issued remain valid but will not be excluded from the Company's placement capacity.

#### 5.2 The law

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

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

#### 5.3 Information required by Listing Rule 7.5

*Resolution 4(a)* 27 December 2019 – 2,500,000 fully paid ordinary Shares (ranking equally with all existing Shares) were issued at an agreed 1.8 cents per Share as announced to the ASX on 27 December 2019 via the lodgement of an Appendix 3B. The Shares were issued to Dr Leon E Pretorius under the terms of an agreement for consulting fees pursuant to the Mt Carbine Quarries acquisition. No funds were raised by the issue however the Company's obligation for \$45,000 of services required under the contract was fully satisfied.

*Resolution 4(b)* 13 May 2020 – 125,000,000 fully paid ordinary Shares (ranking equally with all existing Shares) were issued under a placement to sophisticated and professional investors at 3.6 cents per Share as announced to the ASX on 6 March 2020 and in the associated Appendix 2A. The particular

sophisticated and professional investors who participated in the placement were determined by the lead managers of the capital raising appointed by the Company. The purpose of the issue, including the use or intended use of any funds raised was to provide additional working capital to:

- accelerate development of the Retreatment Plant and to improve the infrastructure to support the X-Ray Sorter installation, and
- advance development activities around the Mt Carbine open pit and underground resource.

A voting exclusion statement is set out in the Notice of Meeting.

#### 5.4 **Directors' recommendations and interests**

The Board recommends that Shareholders vote in favour of Resolutions 4(a) and 4(b).

The Chair intends to vote undirected proxies in favour of Resolutions 4(a) and 4(b).

## **6. Resolution 5: Approval of Equity Incentive Plan**

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### 6.1 **Purpose of Resolution**

The Directors seek approval under Exception 13 of ASX Listing Rule 7.2 to allow the issue of:

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

as an exception to ASX Listing Rule 7.1 and 7.1A.

ASX Listing Rules 7.1 and 7.1A requires that a company obtain shareholder approval prior to the issue of securities representing more than 25% of the issued capital of the Company. ASX Listing Rule 7.2 set out a number of exceptions to Listing Rule 7.1, one of which (Exception 13) is an issue of securities under an employee incentive scheme if, within three years before the date of issue, the shareholders of the Company approved the issue of securities under the scheme.

Approval under Exception 13 is not being requested for any issues to a Director or related party who will not participate in any issue under the Equity Incentive Plan unless specific approval is obtained for the purposes of ASX Listing Rule 10.11.

### 6.2 **Background**

The Company previously received approval of its employee incentive plan by shareholders at the general meeting held on 22 June 2018. Accordingly, securities issued until 22 June 2021 are excluded from the 25% for the purpose of ASX Listing Rules 7.1 and 7.1A.

The Directors seek approval to extend the Equity Incentive Plan for the next three years from 26 November 2020, thereby giving the Company flexibility to make future issues of securities for eligible persons to 26 November 2023.

### 6.3 Terms of the Plan

The Company's Equity Incentive Plan (**Plan**) is part of an integrated strategy regarding the use of equity as part of the Company's overall remuneration policy to reward staff. A summary of the Plan is included in Schedule 1.

The Plan is designed to:

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

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

The Board considers it prudent to seek shareholder approval so that such issues will not be taken into account for the purposes of the 15% limit under Listing Rule 7.1 and the 10% limit under Listing Rule 7.1A. The Board considers it desirable to maintain this flexibility to access capital through subsequent issues as required.

### 6.4 Additional Information required by the ASX Listing Rules

As at the date of this Notice, the following securities have been issued under the Plan since approval by Shareholders on 22 June 2018:

- 25,000,000 Performance Rights issued on 22 June 2018 which converted to fully paid ordinary shares on 2 August 2019 on satisfaction of the performance conditions, and
- 10,000,000 options, which will convert to 10,000,000 Shares if exercised prior to their expiry in 2023.

For the purposes of setting a ceiling on the number of securities proposed to be issued for the purposes of Exception 13, the maximum number of securities to be issued following shareholder approval is 111,022,963 (being 10% of Shares on issue as at the date of this Notice).

Exception 13 is only available if and to the extent that the number of equity securities issued under the Plan do not exceed the maximum number set out in this Notice.

Exception 13 ceases to be available if there is a material change to the terms of the Plan from those set out in this Notice.

If Shareholder approval is not obtained, any securities granted under the Equity Incentive Plan will not be excluded from the Company's placement capacity.

A voting exclusion statement is included in the Notice.

### 6.5 Directors' recommendation

The Board recommends that Shareholders vote in favour of this Resolution.

The Chair intends to vote undirected proxies in favour of this Resolution.

## **7. Resolution 6: Approval of 10% Placement Facility**

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### **7.1 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 AGM (**10% Placement Facility**).

The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1 and allows the Company to issue up to 25% of its total issued capital.

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 as at 12 October 2020 of approximately \$31.1 million. The Company will need to remain compliant with the requirement of ASX Listing Rule 7.1A in order for the Company to utilise the additional capacity under the 10% Placement Facility.

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.

No Director or related party will participate in any issue under the 10% Placement Facility unless specific approval is obtained for the purposes of ASX Listing Rule 10.11.

Resolution 6 is a Special Resolution and therefore requires approval of 75% of the votes cast by Shareholders virtually present and eligible to vote (in person, by proxy or other authorised representation).

### **7.2 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 one class of quoted securities on issue, being Shares (ASX: SEI).

#### **(c) 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.

As at the date of this Notice, the Company currently has on issue 1,110,229,631 Shares therefore has a capacity to issue:

- 166,534,444 equity securities under ASX Listing Rule 7.1 (assuming Resolutions 4(a) and 4(b) are passed); and

- subject to Shareholder approval being received under this Resolution 6, 111,022,963 equity securities under AX Listing Rule 7.1A.

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. Paragraph 7.3 below contains an analysis of the potentially dilutive effect of issuing shares under Listing Rule 7.1A under several scenarios.

(d) **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 10 Trading Days of the date in paragraph (i) above, the date on which the equity securities are issued.

(e) **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 Rule 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**).

### 7.3 **Specific additional information required by Listing Rule 7.3A**

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

- (a) If Resolution 6 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 AGM; 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.

- (b) 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 this Notice.

(c) 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)	Funds Raised		
			Issue price at 50% decrease to current price	Issue price at current price	Issue price at 50% increase in current price
			\$0.014	\$0.028	\$0.056
Current	1,110,229,631	111,022,963	\$1,554,321	\$3,108,643	\$6,217,286
150%	1,665,344,447	166,534,445	\$2,331,482	\$4,662,964	\$9,325,929
200%	2,220,459,262	222,045,926	\$3,108,643	\$6,217,286	\$12,434,572

\*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 AGM.
- (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, as the Company does not have any listed Options.
- (vii) The issue price is \$0.028 (2.8 cents) being the closing price of Shares on the ASX on 12 October 2020.

- (d) Should the Company utilise the 10% Placement Facility, the Company may seek to issue the equity securities for 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.
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any equity securities.
- (f) 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).
- (g) 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.
- (h) The Company previously obtained Shareholder approval under Listing Rule 7.1A on 18 November 2019 (**Previous Approval**).  
The Company has issued no ordinary Shares under Listing Rule 7.1A pursuant to the Previous Approval.
- (i) A voting exclusion statement is included in the Notice.

#### 7.4 **Directors' recommendations and interests**

The Board recommends that Shareholders vote in favour of Resolution 6.

The Chair intends to vote undirected proxies in favour of Resolution 6.

## 8. Resolution 7: Amendment of Constitution

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### 8.1 Purpose of Resolution

Under section 136(2) of the Corporations Act, a company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders. Resolution 7 seeks the approval of Shareholders to modify the Constitution by inserting a new definition and new clause 2.13 as set out in paragraph 8.3 below.

A copy of the amended constitution can be sent to a Shareholder upon request to the Company Secretary.

### 8.2 Background

ASX introduced a number of changes to the escrow regime in the Listing Rules in December 2019 to make aspects of the listing process and ongoing compliance with the Listing Rules more efficient for issuers and for ASX.

Amongst these, ASX introduced a two-tier escrow regime where ASX can and will require certain more significant holders of restricted securities and their controllers to execute a formal escrow agreement in the form of ASX Appendix 9A, as is currently the case. However, for less significant holdings, ASX will instead permit entities to rely on a provision in their constitution imposing appropriate escrow restrictions on the holder of restricted securities and to simply give a notice to the holder of restricted securities in the form of a new Appendix 9C advising them of those restrictions.

### 8.3 Proposed amendment

Accordingly, the Company is seeking Shareholder approval to amend the Constitution to meet the requirements of amended Listing Rules 15.12 with the amendment to the Constitution as follows:

Addition to Section 1.1 Definitions

“**Dispose**” has the meaning given to that term in the Listing Rules and Disposal has a corresponding meaning.

Insertion of Clause 2.13 as follows:

**2.13 Restricted Securities**

- (a) *a holder of Restricted Securities must not Dispose or agree or offer to Dispose of those Restricted Securities during the escrow period applicable to those Restricted Securities except as permitted by the Listing Rules or ASX.*
- (b) *If those Restricted Securities are in the same class as quoted Securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company’s issuer sponsored subregister and are to have a Holding Lock applied for the duration of the escrow period applicable to those Restricted Securities.*
- (c) *The Company will refuse to acknowledge any Disposal (including, without limitation, registering any transfer) of Restricted Securities during the escrow period applicable to those Restricted Securities except as permitted by the Listing Rules or ASX.*

- (d) *A holder of Restricted Securities will not be entitled to participate in any return of capital on those Restricted Securities during the escrow period applicable to those Restricted Securities except as permitted by the Listing Rules or ASX.*
- (e) *If a holder of Restricted Securities breaches a restriction deed or a provision of this constitution restricting a Disposal of those Restricted Securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those Restricted Securities for so long as the breach continues.*

The Company currently has no Restricted Securities on issue.

If passed by Shareholders at the AGM, the proposed amendments to the Constitution will take effect from the conclusion of the AGM.

#### 8.4 Directors' recommendations and interests

The Board recommends that Shareholders vote in favour of this Special Resolution.

The Chair intends to vote undirected proxies in favour of this Special Resolution.

### 9. Resolution 8: Change of Company Name

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#### 9.1 Purpose of Resolution

It is proposed that Shareholders approve the Company's name, being changed from Speciality Metals International Limited to EQ Resources Limited. The Board has approved this change of name subject to the approval of Shareholders.

The Board considers that the change of name more appropriately supports the identity and direction of the Company, as articulated in our recently published Purpose:

#### **Resourcing the New Economy for a better tomorrow**

*We are a value-oriented resources company, sustainably producing and managing new economy minerals and metals. We maximise the potential of our assets through resource-efficiency and investment in our people to deliver materials that are critical for a better tomorrow. It's how we drive value in our operations, approach new opportunities and at the same time deliver positive societal impact while minimising our environmental footprint.*

"EQ" is a known abbreviation for emotional quotient / emotional intelligence which is essential for living out the Company's underlying values to care and respect for each other, embrace diversity of thinking, skills and background in our people, collaborate with stakeholders and be accountable. In addition, the "E" also represents our focus on environment, efficiency and economics to meet Shareholder and societal expectations on the Company's performance. The Board recommends you approve the change of name to embed and signal the Company's intention to be a purpose-led resources organisation.

If this Special Resolution is approved by Shareholders, the proposed name change of the Company will be lodged with ASIC.

The change of name will take effect from when ASIC alters the details of the Company's registration. The company name "EQ Resources Limited" has been reserved by the Company.

The Board will also request that ASX change the Company's ASX listing code from "SEI" to "EQR" after the change of name takes effect. The ASX listing code "EQR" has been reserved by the Company.

9.2 **Directors' recommendations**

The Board recommends that Shareholders vote in favour of this Special Resolution.

The Chair intends to vote undirected proxies in favour of this Special Resolution.

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## SCHEDULE 1 – SUMMARY OF EQUITY INCENTIVE PLAN

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The Company has established the Speciality Metals International Limited Equity Incentive Plan (**Plan**). The full terms of the Plan may be inspected at the registered office of the Company during normal business hours. A summary of the terms of the Plan is set out below.

### 1. AWARDS

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

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

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

### 2. ELIGIBILITY

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

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

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

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

### 3. PAYMENT FOR AWARDS

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

### 4. LIMITS ON NUMBER OF AWARDS GRANTED

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

- received outside Australia;
- made in reliance on s708 or 1012D of the Corporations Act and therefore not requiring a disclosure document; or
- made under a disclosure document.

In the prior 3 year period, the Company has issued the following which comply with s708 relief, and are thus excluded from the 5% issue limit:

- 25,000,000 Performance Rights on 22 June 2018 which converted to fully paid ordinary Shares on 2 August 2019 on satisfaction of the performance conditions, and
- 10,000,000 options, which will convert to 10,000,000 Shares if exercised prior to their expiry in 2023.

### 5. ENTITLEMENTS OF PARTICIPANTS

#### (a) Notice of meeting

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

#### (b) Dividends

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

#### (c) Changes in capital

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

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

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

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

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

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

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

### **(a) Dealing**

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

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

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

### **(b) Vesting**

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

### **(c) Exercise**

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

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

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

## 7. LAPSE OF AWARDS

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

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

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

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

## 8. FORFEITURE OF SHARES

Unvested Shares will be forfeited on the earlier of:

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

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

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

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

## 9. BREACH, FRAUD OR MISCONDUCT

If the Board determines that a Participant has:

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

- (e) materially breaches their duties or obligations,

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

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

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

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

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

#### **11. CLAWBACK**

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

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

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

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

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

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# **Speciality Metals**

International Limited

***“Resourcing the new economy for a better tomorrow.”***

# Proxy Voting Form

If you are attending the virtual Meeting  
please retain this Proxy Voting Form  
for online Securityholder registration.

[EntityRegistrationDetailsLine1Envelope]  
[EntityRegistrationDetailsLine2Envelope]  
[EntityRegistrationDetailsLine3Envelope]  
[EntityRegistrationDetailsLine4Envelope]  
[EntityRegistrationDetailsLine5Envelope]  
[EntityRegistrationDetailsLine6Envelope]

## [HolderNumber]

Holder Number:  
[HolderNumber]

Your proxy voting instruction must be received by **2:00pm (AEST), 3:00pm (AEDT) on Tuesday, 24 November 2020** being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

### SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

#### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

#### STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

#### DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

#### STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

#### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

#### SIGNING INSTRUCTIONS

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

**Joint holding:** Where the holding is in more than one name, all Shareholders 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 Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

**By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

#### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

#### Lodging your Proxy Voting Form:

##### Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

**Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.**



##### BY MAIL:

Automic  
GPO Box 5193  
Sydney NSW 2001

##### IN PERSON:

Automic  
Level 5, 126 Phillip Street  
Sydney NSW 2000

##### BY EMAIL:

[meetings@automicgroup.com.au](mailto:meetings@automicgroup.com.au)

##### BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

**WEBCHAT:** <https://automicgroup.com.au/>

**PHONE:** 1300 288 664 (Within Australia)  
+61 2 9698 5414 (Overseas)

