

Notice of Annual General Meeting and Explanatory Memorandum

Metallica Minerals Limited ACN 076 696 092

Date of Meeting: 29 November 2019

Time of Meeting: 11.00 am (Brisbane time)

Place of Meeting: Colin Biggers & Paisley, Level 35, 1 Eagle Street, Brisbane Qld 4000

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of shareholders of **Metallica Minerals Limited ACN 076 696 092 (Metallica or Company)** will be held at Colin Biggers & Paisley Lawyers, Level 35, 1 Eagle Street, Brisbane Qld 4000 on Friday 29 November 2019, commencing at 11.00 am (Brisbane time).

Terms used in this Notice of Meeting are defined in Section 12 of the accompanying Explanatory Memorandum.

Agenda

Ordinary Business

1. Audited Financial Statements

For the purposes of section 317 of the Corporations Act and for all other purposes, to receive, consider and discuss the Company's 2019 Annual Report comprising the:

- (a) financial report;
- (b) Directors' report; and
- (c) auditor's report,

for the financial year ended 30 June 2019 (**Audited Financial Statements**), which were released to the ASX on 10 September 2019.

No voting is required for this item.

2. Resolution 1: Remuneration Report

To consider and, if thought fit, pass the following advisory Resolution:

*"That the Company's remuneration report for the year ended 30 June 2019 (**Remuneration Report**) be adopted".*

The vote on this Resolution 1 is advisory only and does not bind the Directors of the Company.

Voting Restriction pursuant to Section 250R(4) of the Corporations Act

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel;
- (b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (a) the voter is the Chair and the appointment of the Chair as proxy:
 - (1) does not specify the way the proxy is to vote on this Resolution; and
 - (2) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Voting Intention of Chair

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of this Resolution 1, subject to compliance with the Corporations Act.

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3. Resolution 2: Re-election of Andrew Gillies as a Director

To consider and, if thought fit, pass the following Resolution, as an Ordinary Resolution of the Company:

That, for the purposes of clause 15.4 of the Constitution and for all other purposes, Mr Andrew Gillies, a Director, retires, and being eligible, is re-elected as a Director.”

Special Business

4. Resolution 3: Approval to adopt new Employee Equity Incentive Plan

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

“That for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, Shareholders approve the Employee Equity Incentive Plan and approve the issue of shares, Options or performance rights under the Employee Equity Incentive Plan, the terms and conditions of which are set out in the attached Explanatory Memorandum.”

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by or on behalf of any Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) or an Associate of those Directors (**Resolution 3 Excluded Party**). 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 provided that the Chairman is not a Resolution 3 Excluded Party, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Voting Prohibition statement

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

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

However, the above prohibition does not apply if the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

5. Special Resolution 4: Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A

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

“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, the Shareholders approve the issue of Equity Securities of 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 as set out in the Explanatory Memorandum.”

Voting exclusion statement

The Company will disregard any votes cast on this Special Resolution by:

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(a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Ordinary Securities); and

(b) an Associate of those persons.

However, the Company need not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

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

Important Note:

The proposed allottees of any of the 10% Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the 10% Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

6. Resolution 5 - Issue of options to Related Party - Mr Scott Waddell

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

“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 4,000,000 Options to Mr Scott Waddell (or his nominee) on the terms and conditions set out in the Explanatory Memorandum.”

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by Mr Waddell, his nominee or any of his associates (**Resolution 5 Excluded Party**). 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 provided that the Chairman is not a Resolution 5 Excluded Party, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Voting Prohibition statement

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

(a) The proxy is either:

(1) a member of the Key Management Personnel; or

(2) a Closely Related Party of such a member; and

(b) the appointment does not specify the way in which is proxy is to vote on this Resolution.

However, the above prohibition does not apply if the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. Resolution 6 - Issue of options to Related Party - Mr Theo Psaros

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

“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 3,000,000 Options to Mr Theo Psaros (and/or his nominee) on the terms and conditions set out in the Explanatory Memorandum.”

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Voting exclusion statement

The Company will disregard any votes cast on this Resolution by Mr Psaros, his nominee or any of his associates (**Resolution 6 Excluded Party**). 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 provided that the Chairman is not a Resolution 6 Excluded Party, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Voting Prohibition statement

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

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

However, the above prohibition does not apply if the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

8. Resolution 7 - Issue of options to Related Party - Mr Andrew Gillies

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

“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 3,000,000 Options to Mr Andrew Gillies (and/or his nominee) on the terms and conditions set out in the Explanatory Memorandum.”

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by Mr Andrew Gillies, his nominee or any of his associates (**Resolution 7 Excluded Party**). 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 provided that the Chairman is not a Resolution 7 Excluded Party, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Voting Prohibition statement

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

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

However, the above prohibition does not apply if the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel

9. Conditional Resolution 8 - Spill Resolution

If 25% or more of votes cast on Resolution 1 are against the adoption of the 2018 Remuneration Report, to consider, and if thought fit, to pass with or without amendment, the following as an ordinary resolution:

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*"That pursuant to and in accordance with section 250V of the Corporations Act and for all other purposes, another meeting (**Spill Meeting**) of the Shareholders be held within 90 days of 29 November 2019, on the terms and conditions in the Explanatory Memorandum, so that:*

- (a) *all of the Directors who hold office following this Meeting (being Mr Waddell, Mr Psaros and Mr Gillies*) will cease to hold office immediately before the end of the Spill Meeting (if they have not resigned before that date);*
- (b) *resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting (**Vacated Offices**) will be voted on at the Spill Meeting; and*
- (c) *the persons appointed to Vacated Offices at the Spill Meeting may include Directors who hold office at the Meeting."*

** Assumes Resolution 2 of this Notice is approved*

The vote on this Resolution 8 is advisory only and does not bind the Directors of the Company.

Voting Restriction pursuant to Section 250R(4) of the Corporations Act

A vote on Resolution 8 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel;
- (b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (b) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (1) does not specify the way the proxy is to vote on this Resolution; and
 - (2) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

10. General business

To consider any other business as may be lawfully put forward in accordance with the Corporations Act and Constitution of the Company.

By order of the Board



John Haley
Company Secretary

25 October 2019

Explanatory Memorandum

1. Introduction

The following information is provided to Shareholders of Metallica Minerals Limited ACN 076 696 092 (**Metallica** or the **Company**) in connection with the business to be considered at the Annual General Meeting of Shareholders to be held at Colin Biggers & Paisley Lawyers, Level 35, 1 Eagle Street, Brisbane Qld 4000 on Friday 29 November 2019, commencing at 11.00 am (Brisbane time).

The Directors recommend shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Terms used in this Explanatory Memorandum are defined in Section 12.

2. Consider the Company's Audited Financial Statements

The Company's Audited Financial Statements were released to the ASX Limited on 10 September 2019.

The Audited Financial Statements are being circulated to Shareholders who have elected to receive a paper copy of the Company's Annual Report.

Shareholders who have given the Company an election to receive an electronic copy of the Audited Financial Statements will be provided with an electronic copy of the Audited Financial Statements. Shareholders from whom the Company has not received an election as to how they wish to receive the Company's Audited Financial Statements can directly access the Audited Financial Statements on the Company's website at www.metallicaminerals.com.au/annual-report and by selecting the link, under Annual Reports for 2019, titled "Annual Financial Report".

The Audited Financial Statements are placed before the shareholders for discussion.

No voting is required for this item.

3. Resolution 1: Adoption of Remuneration Report

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding advisory Resolution in accordance with section 250R of the Corporations Act.

The Remuneration Report is set out in the Directors' Report section of the Annual Report.

The Remuneration Report, amongst other things:

- explains the Board's policy for determining the nature and amount of remuneration of Key Management Personnel of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Key Management Personnel of the Company including details of performance related remuneration and options granted as part of remuneration; and
- details and explains any performance conditions applicable to the remuneration of Key Management Personnel of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

The Board believes that the Company's remuneration arrangements, as set out in the Remuneration Report, are fair, reasonable and appropriate, support the strategic direction of the Company and align with the Shareholder's expectations.

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There are restrictions on members of the Key Management Personnel and their Closely Related Parties and their proxies voting on Resolution 1, details of which are set out in the Voting Restriction Statement included in Resolution 1 of the Notice of Meeting.

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 1, subject to compliance with the Corporations Act.

Pursuant to the Corporations Act, if at least 25% of the votes cast on Resolution 1 are voted against the adoption of the 2019 Remuneration Report at this Annual General Meeting and because the Company recorded a 1st strike against the 2018 Remuneration Report, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (Spill Resolution) – refer Conditional Resolution 8 below.

If more than 50% of the Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (Spill Meeting) within 90 days of the Company's 2019 annual general meeting. All the Directors who were in office when the Company's 2019 Directors' Report was approved, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

Directors' Recommendation

The Board unanimously recommends voting in favour of adopting the Remuneration Report. A vote on this Resolution 1 is advisory only and does not bind the Directors of the Company.

4. Resolution 2: Re-Election of Mr Andrew Gillies as a Director

Mr Andrew Gillies was appointed as a Director on 1 February 2019 at an Extraordinary General Meeting ("EGM") of the Company.

Under Article 15.4, the Company's Constitution requires an election of Directors to take place each year. The Constitution also requires that at each annual general meeting of the Company, one-third of the Directors for the time being shall retire from office, provided that no Director may hold office beyond the third annual general meeting following that Director's appointment or 3 years, whichever is longer. A retiring Director is eligible for re-election at the AGM. Listing Rules 14.4 and 14.5 contain effectively equivalent provisions.

Mr Gillies is eligible for re-election and offers himself for re-election as a Director.

Directors' Recommendation

The Directors (with Mr Gillies abstaining) recommend voting in favour of this Ordinary Resolution.

Special Business

5. Resolution 3 – Adoption of Employee Equity Incentive Plan

General

Pursuant to Resolution 3, the Company is seeking Shareholder approval for the issue of securities under the Company's Employee Equity Incentive Plan (the **EEIP**) as an exception under Listing Rule 7.2, Exception 9(b) which would enable securities issued under the EEIP over the next three (3) years to be excluded from the calculation of the number of securities issued for the purposes of ASX Listing Rules 7.1 and 7.1A.

A summary of the terms of the EEIP are set out in Schedule 1 to this Explanatory Memorandum.

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ASX Listing Rules

Subject to certain exceptions, Listing Rule 7.1 restricts a listed company from issuing or agreeing to issue Equity Securities in any 12 month period equivalent in number to more than 15% of the Company's ordinary securities on issue, without the approval of its Shareholders.

As a result, any issue of securities by the Company to eligible employees under the EEIP would reduce the Company's 15% capacity to issue Shares under Listing Rule 7.1.

Exception 9 of Listing Rule 7.2 however, allows the Company to issue securities under the EEIP without the issue of such securities being counted towards the Company's 15% issue capacity under Listing Rule 7.1, where Shareholders have approved the issue of securities under the EEIP as an exception to Listing Rule 7.1, within three (3) years prior to the issue of the securities. Resolution 3 is being put to Shareholders for this purpose and will allow the Company to utilise Exception 9 of Listing Rule 7.2 for three (3) years from the date of the Resolution being passed.

Information for shareholders

In accordance with Exception 9 of Listing Rule 7.2, the Company advises as follows:

- (a) Since Shareholders last approved an incentive plan on 29 November 2016, 3,000,000 Performance Right Shares have been issued under the 2016 Plan; and
- (b) a summary of the key terms of the EEIP are set out in Schedule 1.

Further considerations

The Company believes that it will derive a significant benefit by incentivising its Directors, senior management and key employees through the issue of securities under the EEIP. Additionally, the Company believes it to be in the best interests of the Company to preserve the maximum commercial flexibility to issue Equity Securities that is afforded to it by Listing Rules 7.1 and 7.1A.

All Securities proposed to be issued to Directors under the EEIP are the subject of Resolutions 5, 6 and 7 in this Notice of Meeting.

Directors' Recommendation

The Directors recommend that you vote in favour of this Resolution.

6. Special Resolution 4: Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period

6.1 Introduction

Under Special Resolution 4, the Company is seeking Shareholder approval to issue an additional 10% of issued capital over a 12 month period in accordance with Listing Rule 7.1A. If passed, this Resolution will allow the Company to issue and allot up to 32,404,741 Shares, based on calculations at the date of this Notice of Meeting, each at an issue price of at least 75% of the volume weighted average price (**VWAP**) for the Company's quoted class of Securities (calculated over the last 15 days on which trades in the quoted Securities are recorded, and immediately before the date on which the price at which the Shares are to be issued is agreed, or if not issued within 5 Trading Days of that date, the date on which the Shares are issued) (**Issue Price**).

The actual number of Shares that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Shares in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below).

This approval is sought pursuant to Listing Rule 7.1A which enables small and mid-cap listed entities that meet the eligibility threshold and have obtained the approval of their ordinary Shareholders by

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Special Resolution at the AGM, to issue an additional 10% of issued capital over a 12 month period from the date of the AGM (**Additional 10% Issue**). The Additional 10% Issue under Listing Rule 7.1A is in addition to the ability of the Company to issue 15% of its issued capital without Shareholder approval over a 12 month period pursuant to Listing Rule 7.1 (**15% Issue Capacity**). The Company may issue the 10% Securities to raise funds for the Company and/or as non-cash consideration (further details of which are set out below).

Funds raised from the issue of 10% Securities are intended to be used to fund the Company's Bauxite and other projects and for working capital.

6.2 Requirements under Listing Rule 7.1A

(a) General

(1) Eligibility

An entity is eligible to undertake an Additional 10% Issue if at the time of its AGM it has a market capitalisation of \$300 million or less and it is not included in the S&P/ASX300 Index.

As required by the Listing Rules, the Company's market capitalisation will be based on the closing price on the Trading Day before the AGM, and will be released by the Company to the ASX at that time. The calculation of market capitalisation will be based on the Closing Price of the Shares in the main class of Shares of the Company, on the last Trading Day on which trades in the Shares were recorded before the date of the AGM, multiplied by the number of Shares on issue (in that main class, but excluding restricted securities and securities quoted on a deferred settlement basis).

As at the time of the issue of this Notice, the Company has a market capitalisation of less than \$300 million and is not included in the S&P/ASX300 Index.

The Company is therefore an Eligible Entity and able to undertake an Additional 10% Issue under Listing Rule 7.1A.

(2) Shareholder approval

The ability to issue the 10% Securities under the Additional 10% Issue is conditional upon the Company obtaining Shareholder approval by way of a Special Resolution (passed by at least 75% of the votes cast by members entitled to vote) at the Annual General Meeting.

Pursuant to Listing Rule 7.1A, no Shares will be issued until and unless this Special Resolution is passed at the Annual General Meeting.

(b) Issue Period – Listing Rule 7.1A.1

Shareholder approval of the Additional 10% Issue 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:

- (1) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or
- (2) 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 ASX.

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If approval is given for the Additional 10% Issue at the Annual General Meeting on 29 November 2019 then the approval will expire, unless there is a significant change to the Company's Business, on 29 November 2020.

(c) **Calculation for Additional 10% Issue – Listing Rule 7.1A.2**

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at AGM may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Shares 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 to issue:

- (1) plus the number of Shares issued in the 12 months under an exception in Listing Rule 7.2;
- (2) plus the number of partly paid Shares that became fully paid in the 12 months;
- (3) plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rule 7.1 and 7.4. This does not include an issue of Shares under the 15% Issue Capacity without Shareholder approval;
- (4) less the number of fully paid Shares cancelled in the 12 months.

D is 10 percent.

E is the number of Shares 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 7.1A.3**

(1) **Shares**

Any Equity Securities issued under the Additional 10% Issue must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of the Notice of Meeting, the Company has 324,047,408 quoted Shares on issue, and 1,000,000 Options which are not quoted (**Unlisted Options**). The Company is only seeking approval to issue ordinary Shares (and no other class of Equity Securities) under the Additional 10% Issue.

(2) **Minimum Issue Price**

The issue price for the 10% Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Shares in the same class calculated over the 15 Trading Days immediately before:

- (A) the date on which the price at which the 10% Securities are to be issued is agreed; or
- (B) if the 10% Securities are not issued within 5 Trading Days of the date in paragraph (A) above, the date on which the 10% Securities are issued.

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As required by the Listing Rules, the Company's market capitalisation based on the closing price on the Trading Day before the Annual General Meeting will be released by the Company to the ASX at that time.

(e) **Information to be given to ASX – Listing Rule 7.1A.4**

If Special Resolution 4 is passed and the Company issues any 10% Securities under Listing Rule 7.1A, the Company will give to ASX:

- (1) a list of allottees of the 10% Securities and the number of 10% Securities allotted to each (this list will not be released to the market); and
- (2) the following information required by Listing Rule 3.10.5A, will be released to the market on the date of issue:
 - (A) details of the dilution to the existing holders of Shares caused by the issue;
 - (B) where the Shares are issued for cash consideration, a statement of the reasons why the Company issued the Shares as a placement under rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing Shareholders would have been eligible to participate;
 - (C) details of any underwriting arrangements, including any fees payable to the underwriter; and
 - (D) any other fees or costs incurred in connection with the issue.

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

The ability of an entity to issue Shares under Listing Rule 7.1A is in addition to the entity's 15% Issue Capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 324,047,408 Shares, and, subject to Special Resolutions 4 being passed, will have the capacity to issue:

- (1) 48,607,111 Shares under Listing Rule 7.1; and
- (2) 32,404,741 Shares under Listing Rule 7.1A.

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

6.3 **Specific Information required by Listing Rule 7.3A**

(a) **Minimum Price of Securities issued under Listing Rule 7.1A – Listing Rule 7.3A.1**

Pursuant to and in accordance with Listing Rule 7.3A.1, the 10% Securities issued pursuant to approval under Listing Rule 7.1A must be not less than 75% of the VWAP for the Company's Shares over the 15 Trading Days immediately before:

- (1) the date on which the price at which the 10% Securities are to be issued is agreed; or
- (2) if the 10% Securities are not issued within 5 Trading Days of the date in paragraph (1) above, the date on which the 10% Securities are issued.

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The Company intends to issue the 10% Securities in accordance with Listing Rule 7.1A and will disclose to the ASX the Issue Price on the date of issue of the 10% Securities

(b) **Risk of economic and voting dilution – Listing Rule 7.3A.2**

As provided by Listing Rule 7.3A.2, if the Additional 10% Issue is passed by Shareholders and the Company issues the 10% Securities, there is a risk of economic and voting dilution to the existing ordinary Security Holders of the Company. The Company currently has on issue 324,047,408 Shares. Upon the approval of the Additional 10% Issue, the Company will have authority to issue an additional 32,404,741 Shares (The exact number of additional Shares to be issued under the Additional 10% Issue will be calculated in accordance with the formula contained in Listing Rule 7.1A.2 and set out above). Any issue of 10% Securities will have a dilutive effect on existing Shareholders.

There is a specific risk that:

- (1) the Market Price for the Company's Shares may be significantly lower on the date of the Issue than it is on the date of the AGM; and
- (2) the 10% Securities may be issued at a price that is at a discount to the Market Price for the Company's Shares on the issue date,

which may have an effect on the amount of funds raised by the issue of the 10% Securities.

As required by Listing Rule 7.3A.2, Table 1 below shows the economic and voting dilution effect, in circumstances where the issued capital has doubled and the Market Price of the Shares has halved. Table 1 also shows additional scenarios in which the number of issued capital has increased (by both 50% and 100%) and the Market Price of the Shares has decreased by 50 and increased by 100%.

Explanatory Memorandum

Table 1

Issued Capital (Variable A)	50% decrease in Market Price \$0.006		Current Market Price \$0.012		100% increase in Market Price \$0.018	
	10 % Voting Dilution (Shares)	Capital Raised	10 % Voting Dilution (Shares)	Capital Raised	10 % Voting Dilution (Shares)	Capital Raised
Present Issued Capital 324,047,408 Shares	32,404,741	\$194,428	32,404,741	\$388,857	32,404,741	\$583,285
50% Increase in Capital 486,070,962 Shares	48,607,096	\$291,643	48,607,096	\$583,285	48,607,096	\$874,928
100% Increase in Capital 648,094,816 shares	64,809,482	\$388,829	64,809,482	\$777,714	64,809,482	\$1,166,571

Assumptions and explanations

- The Market Price is 1.2 cents based on the closing price of the Shares on ASX on 7 October 2019.
- The above table only shows the dilutionary effect based on the Additional 10% Issue and does not consider the 15% Issue Capacity under Listing Rule 7.1.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
- The Company issues the maximum number of 10% Securities available to it under the Additional 10% Issue.
- The Issued Capital has been calculated in accordance with the formula in Listing Rule 7.1A(2) as at 8 October 2018.
- The issue price of the 10% Securities used in the table does not take into account the discount to the Market Price (if any).

(a) Final date for issue – Listing Rule 7.3A.3

As required by Listing Rule 7.3A.3, the Company will only issue and allot the 10% Securities during the 12 months after the date of this Annual General Meeting, 29 November 2019. The approval under Special Resolution 4 for the issue of the 10% Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities of the Company) or Listing Rule 11.2 (the disposal of the main undertaking of the Company) before the anniversary of this Annual General Meeting.

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(b) **Purpose – Listing Rule 7.3A.4**

As noted above, the purpose for which the 10% Securities may be issued include to raise funds for the Company and as non-cash consideration (further details of which are set out below). Funds raised from the issue of 10% Securities are intended to be used to fund the Company's Bauxite and other Projects and for working capital.

(c) **Shares Issued for Non-cash consideration – Listing Rule 7.3A.4**

The Company may issue 10% Securities for non-cash consideration, such as the acquisition of new assets or investments. If the Company issues Shares for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the Shares complies with Listing Rule 7.1A.3.

(d) **Company's Allocation Policy – Listing Rule 7.3A.5**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue of 10% Securities pursuant to the Additional 10% Issue. The identity of the allottees of Shares will be determined on a case-by-case basis having regard to the factor including but not limited to the following:

- (1) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing Shareholders can participate;
- (2) the effect of the issue of the 10% Securities on the control of the Company;
- (3) the financial situation and solvency of the Company; and
- (4) advice from corporate, financial and broking advisers (if applicable).

The allottees of the 10% Securities under the Additional 10% Issue have not been determined as at the date of this Notice but may include existing substantial shareholders and/or new Shareholders who are not Related Parties or Associates of a Related Party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the Additional 10% Issue will be the vendors of the new assets or investments.

(e) **Details of all equity securities issued where previously obtained Shareholder approval under listing rule 7.1A – Listing Rule 7.3A.6 (a)**

The Company did not obtain Shareholder approval under Listing Rule 7.1A at the Annual General Meeting held on 19 November 2018.

(f) **Voting Exclusion Statement**

A voting exclusion statement is included in this Notice. At the date of the Notice, the proposed allottees of any 10% Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the 10% Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

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7. Resolutions 5, 6 and 7 – Issue of Options to Related Parties - Mr Scott Waddell, Mr Theo Psaros and Mr Andrew Gillies

General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 10,000,000 Options (**Related Party Options**) to Messrs Waddell, Psaros and Gillies (**Related Parties**) on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a Related Party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Related Party Options constitutes giving a financial benefit and Messrs Waddell, Psaros and Gillies are Related Parties of the Company by virtue of being Directors.

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

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Options to the Related Parties.

Section 195(4) of the Corporations Act

Each of the Directors has a material personal interest in the outcome of Resolutions 5 to 7 (as applicable to each Director) in this Notice of Meeting by virtue of the fact that Resolutions 5 to 7 are concerned with the issue of Options to Directors. Section 195 of the Corporations Act provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered. In the absence of Shareholder approval under section 195(4) of the Corporations Act, the Directors may not be able to form a quorum at Board meetings necessary to carry out the terms of these Resolutions. The Directors have accordingly exercised their right under section 195(4) of the Corporations act to put the issue to Shareholders to determine.

Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Options:

- (a) (**Identity of Related Parties**) the Related Parties are Messrs Waddell (Resolution 5), Psaros (Resolution 6) and Gillies (Resolution 7) and they are Related Parties by virtue of being Directors;
- (b) (**Nature of financial benefits**) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
 - (1) 4,000,000 Related Party Options to Mr Waddell;
 - (2) 3,000,000 Related Party Options to Mr Psaros; and

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- (3) 3,000,000 Related Party Options to Mr Gillies.
- (c) **(When financial benefits will be granted)** the Related Party Options will be granted to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) **(Consideration for financial benefits)** the Related Party Options will be granted for nil cash consideration and accordingly no funds will be raised by the issue;
- (e) **(Terms and conditions of Related Party Options)** the terms and conditions of the Related Party Options are set out in Schedule 2 to this Explanatory Memorandum;
- (f) **(Value of financial benefits)** the value of the Related Party Options and the pricing methodology are set out in Schedule 3 to this Explanatory Memorandum, wherein the Related Party Options are valued as follows:
- (1) Resolution 5: Issue of 4,000,000 Related Party Options to Mr Scott Waddell, \$14,800;
 - (2) Resolution 6: Issue of 3,000,000 Related Party Options to Mr Theo Psaros, \$11,000;
 - (3) Resolution 7: Issue of 3,000,000 Related Party Options to Mr Andrew Gillies, \$11,000;
- (g) **(Relevant interests of Related Parties)** the relevant interests of the Related Parties in securities of the Company are set out below:

Related Party	Shares	Options
Mr Scott Waddell	632,258	Nil
Mr Theo Psaros	674,000	Nil
Mr Andrew Gillies	962,500	Nil

- (h) **(Remuneration of Related Parties)** the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year, are set out below:

Related Party	Current Financial Year	Previous Financial Year (from 1 February 2019)
Mr Scott Waddell	\$1,200 per full day worked	75,600
Mr Theo Psaros	55,000	26,241
Mr Andrew Gillies	40,000	21,633

- (i) **(Dilutionary effect of financial benefits)** if the Related Party Options granted to the Related Parties are exercised, a total of 10,000,000 Shares would be issued. This will increase the number of Shares on issue from 324,047,408 to 334,047,408 (assuming that no other Options are exercised or other Shares are issued), with the effect that the shareholding of existing Shareholders (other than the Related Parties concerned) would be diluted by an aggregate of 3.09%, comprising 1.23% by Mr Waddell, 0.93% by Mr Psaros and 0.93% by Mr Gillies;
- (j) **(Market Price of Securities)** the Market Price for Shares during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If, at

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any time, any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company;

- (k) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	3.5	December 2019
Lowest	1.1	1 October 2019
Last	1.3	23 October 2019

- (l) **(Corporate Governance Principles and Recommendations)** the Board acknowledges the grant of Related Party Options to the Related Parties is contrary to Recommendation 8.3 of the Corporate Governance Principles and Recommendations with 2014 Amendments (3rd Edition) as published by the ASX Corporate Governance Council. However, the Board considers the grant of Related Party Options to the Related Parties reasonable in the circumstances for the reasons set out in paragraph (o);
- (m) **(Purpose of financial benefits)** the primary purpose of the grant of the Related Party Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors;
- (n) **(Opportunity costs and accounting treatment)** it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Options upon the terms proposed. The Related Party Options have been valued at \$37,000 in aggregate (see Schedule 3), which will be expensed in the Company's Accounts over 3 years;
- (o) **(Reasons for vote in favour of the Resolutions)** the Directors, with:
- (1) Mr Waddell abstaining in relation to Resolution 5 due to his material personal interest in the outcome of Resolution 5;
 - (2) Mr Psaros abstaining in relation to Resolution 6 due to his material personal interest in the outcome of Resolution 6; and
 - (3) Mr Gillies abstaining in relation to Resolution 7 due to his material personal interest in the outcome of Resolution 7,

recommend that Shareholders vote in favour of Resolutions 5, 6 and 7, for the following reasons:

- (4) the Company is currently in the development and exploration phase of its growth, which means that it is not generating revenues or profits, and does not anticipate doing so in the near term. As a result, the Company's sources of funding are limited and it therefore needs to closely monitor its cash reserves and mitigate cash expenditure. Accordingly, the Company considers that a more appropriate way to remunerate its Directors is through equity based incentives, such as the Related Party Options;
- (5) the grant of Related Party Options to the Related Parties will align the interests of the Related Parties with those of other Shareholders;
- (6) vesting conditions tied to an increased Share price (with the options having an exercise price of 3 cents, which is 250% above the Company's share price) on the date this Notice was issued) are the most appropriate indicator for Director performance at its current

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stage of growth. In addition, any shares acquired as a result of the exercise of Related Party Options will be escrowed for 36 months from the date the Related Party Options are granted; and

- (7) as stated above, it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Options;
- (p) **(Reasons for vote against of the Resolutions)** The Company considers that the following are reasons why Shareholders may vote against Resolutions 5 to 7:
- (1) if the Related Party Options vest and are exercised, Shares will be issued to the Directors which will dilute and reduce the voting power of Shareholders (by a maximum of 3.09%); see section (i) for further information on the maximum dilution of Shareholders' interests resulting from the Related Party Options being exercised into Shares;
 - (2) using the valuation in Schedule 3, the grant of the Related Party Options will increase the total remuneration being paid to the Directors (by \$37,000 in aggregate), which Shareholders may not agree with; see section (h) for further information on the remuneration of Directors;
 - (3) the grant of the Related Party Options will require the Company to recognise their value as an expense on the Company's statement of financial performance, which in turn will increase the size of anticipated losses; see section (n) for further information on the accounting treatment of the Related Party Options;
 - (4) if the Related Party Options vest and are exercised, the additional number of Shares on issue will necessarily cause the value of a Share to reduce, which in turn may be reflected by a fall in the Share price on ASX; and
 - (5) even if the vesting conditions for the Related Party Options are achieved, there is no guarantee that the Share price will retain its value for long or at all. Therefore, the Related Party Options may vest and be exercised into Shares, but the benefit to Shareholders who retain their Shares may not be realised if the Share price subsequently falls.
- (q) **(Other information)**
- (1) in forming their recommendations, each Director considered the experience of each other Related Party, the current Market Price of Shares, the current market practices when determining the number of Related Party Options to be granted as well as the exercise price and expiry date of those Related Party Options; and
 - (2) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to approve Resolutions 5, 6 and 7.

Listing Rule 7.1

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to the Related Parties, as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Options to the Related Parties will not be included in the 15% calculation of the Company's Equity Security issue capacity.

8. Conditional Resolution 8 - Spill Resolution

Background

In accordance with section 250V of the Corporations Act, if the Company's Remuneration Report receives a Strike ('no' vote of 25% or more) at two consecutive annual general meetings, the Company

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must put to vote at the second annual general meeting, a Spill Resolution on whether all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report, must stand for re-election.

The Company's Remuneration Report received a first Strike at the 2018 annual general meeting. therefore, if Resolution 1 of this Notice receives a "no" vote of 25% or more at the Meeting, this will constitute a second Strike and Resolution 8 will be voted on. Conversely, if the "no" vote is less than 25%, Resolution 8 will not be voted on.

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene another general meeting within 90 days of the Meeting (**Spill Meeting**). All of the Company's Directors who were in office when the first Strike was received (**Spilled Directors**) will cease to hold office immediately before the end of the Spill Meeting, but may stand for reappointment. Shareholders will vote on the reappointment of Spilled Directors and/or election of new Directors at the Spill Meeting. Even if Mr Gillies is re-elected at this year's Meeting, he will still need to be elected at the Spill Meeting to remain in office after the Spill Meeting.

Each of these Directors is eligible to stand for re-election at the Spill Meeting and intend to seek re-election.

In accordance with section 250X of the Corporations Act, if there would be fewer than 3 Directors after the Spill Meeting, two positions will be filled by Directors or Spilled Directors who have the highest percentage of votes favouring appointment.

Resolution 8 is an ordinary resolution.

The Chairman intends to exercise all available proxies *against* Resolution 8.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 8, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

A voting exclusion statement is included in the Notice for Resolution 8.

Directors' Recommendation

While noting that each Director has an interest in its own remuneration from the Company, the Directors recommend that Shareholders vote *against* this Resolution 8 and note that:

- (1) on 1 February 2019, a general meeting of the Company resolved to remove Messrs Simon Slesarewich, Michael Hansel and Alan Evans, while Messrs. Peter Turnbull and Robert Jacobson (collectively, **Former Directors**) resigned before that general meeting, obviating the need for resolutions for their removal as Directors to be put to Shareholders;
- (2) at that general meeting, Shareholders resolved to appoint the current Directors;
- (3) that the current Directors continue their strategy for turning the Company around; and
- (4) Shareholders can remove a Director by a majority Shareholder vote at any general meeting and for any reason.

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9. Chair voting intentions

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions, subject to compliance with the Corporations Act.

10. Voting Entitlement

For the purposes of determining voting entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at 8 pm (Brisbane time) on 26 November 2019. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

11. Proxy, representative and voting entitlement instructions

11.1 Proxies and representatives

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under section 250D of the Corporations Act.

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be **lodged by** any of the following methods:

ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

BY MAIL

Metallica Minerals Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

BY FAX

+61 2 9287 0309

BY HAND

Deliver it to Link Market Services Limited during business hours (Monday to Friday, 9:00am-5:00pm):
Level 12
680 George Street
Sydney NSW 2000

Your completed proxy form (and any necessary supporting documentation) must be lodged online or received by Link Market Services no later than 11.00 am (Brisbane time) 26 November 2019 being 48

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hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

A proxy form is attached to this notice.

11.2 Signing instructions

You must sign the proxy form as follows in the spaces provided:

- Individual: Where the holding is in one name, the holder must sign.
- Joint Holding: Where the holding is in more than one name, any one of the security holders may sign.
- Power of Attorney: To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, 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 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 indicate the office held by signing in the appropriate place.

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12. Glossary

The following terms used in the Notice of Meeting and the Explanatory Memorandum are defined as follows:

10% Securities means Equity Securities issued pursuant to Listing Rule 7.1A.

AGM means annual general meeting;

Annual Report means the Company's annual report for the financial year ending 30 June 2019, including the Audited Financial Statements;

ASIC means the Australian Securities & Investments Commission;

Associate has the meaning given in the Corporations Act;

ASX means the ASX Limited;

Audited Financial Statements has the meaning given in item 1 of the Notice of Meeting;

Chair means the chairperson of the Meeting;

Closely Related Party (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or
- (c) a dependant of the member or the member's spouse; or
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of the definition of closely related party;

Company means Metallica Minerals Limited ACN 076 696 092 (ASX: MLM);

Constitution means the constitution of the Company from time to time;

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

Directors or Board means the board of directors of the Company from time to time;

Eligible Entity has the meaning given to that term in the Listing Rules;

Equity Securities has the meaning given in the Listing Rules;

Explanatory Memorandum means the explanatory statement accompanying this Notice;

Key Management Personnel has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity;

Listing Rules means the official listing rules of the ASX as amended from time to time;

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Market Price has the meaning given to that term in the Listing Rules;

Meeting means the Annual General Meeting to be held on 29 November 2019 as convened by the accompanying Notice of Meeting;

Notice of Meeting or **Notice** means the notice of meeting giving notice to shareholders of the Meeting, accompanying this Explanatory Memorandum;

Option means an Equity Security that may be exercised, subject to terms and conditions, for the issue of a Share;

Ordinary Resolution means a resolution passed by more than 50% of the votes at a general meeting of shareholders;

Ordinary Securities has the meaning given to that term in the Listing Rules;

Related Party has the meaning given in the Listing Rules;

Related Party Options is defined in Section 7 of the Explanatory Memorandum;

Resolutions means the resolutions set out in the Notice of Meeting;

Security has the meaning given in the Listing Rules;

Security Holder means a holder of a Security of the Company;

Shares means fully paid ordinary shares in the Company from time to time;

Shareholder means a shareholder of the Company;

Special Resolution means a resolution:

- (a) of which notice has been given as set out in paragraph 249L(1)(c) of the Corporations Act; and
- (b) that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution.

Strike means a vote against a resolution for approval of the Company's remuneration report of more than 25%.

Trading Day has the meaning given to that term in the Listing Rules.

Any inquiries in relation to the resolutions or the Explanatory Memorandum should be directed to: John Haley Ph: 07 3249 3000

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Schedule 1 - Summary of terms and conditions of Employee Equity Incentive Plan

(a) **Operation**

The Board is responsible for administering the EEIP in accordance with the EEIP Rules. A grant of Performance Rights and/or Options under the EEIP will be subject to both the EEIP Rules, ASIC Class Order 14/1000 (or any amendment to or replacement of that Class Order) and the terms and conditions of the specific grant.

(b) **Eligibility**

The EEIP is open to certain contractors and employees (including Directors) of the Company who are invited by the Board to participate in the EEIP (**Participants**). The Board may invite Participants to apply for Shares (including in these terms and conditions, a right to the issue of a Share), Performance Rights and/or Options under the EEIP in its absolute discretion.

(c) **Grant**

The Board may offer Participants the right to apply for Shares, Performance Rights and/or Options subject to conditions and/or performance hurdles and terms of issue determined by the Board in its sole discretion.

(d) **Vesting**

The vesting of a Performance Right will be conditional on the satisfaction of any conditions and performance hurdles attaching to the Performance Right. Performance hurdles will be determined by the Board in its discretion and specified in the Participant's invitation letter.

Where relevant performance hurdles are met, then the Performance Rights will vest and be convertible into Shares.

The vesting of an Option will be conditional on the satisfaction of any conditions attaching to the Option. Conditions will be determined by the Board in its discretion and specified in the Participant's invitation letter.

Unvested Shares will vest on conditions determined by the Board in its discretion and specified in the Participant's invitation letter.

(e) **Lapse of Performance Rights and Options**

All Performance Rights, Options and Shares that have not vested on or before the expiry date will automatically lapse. Performance Rights, Shares and Options will also lapse if the applicable performance hurdles and/or conditions attaching to them are not met within a prescribed period determined by the Board in its discretion.

(f) **Dealing with Performance Rights and Options**

Unvested Shares, Performance rights and Options are not transferable, except on the Participant's death, to its legal personal representative.

(g) **Conversion into Shares**

Each Performance Right will entitle a Participant to one Share upon vesting. Each Option will entitle a Participant upon vesting to subscribe for one Share at the Exercise Price specified by the Board in the Participant's invitation letter.

Shares issued as a result of the vesting and exercise of Performance Rights and/or Options will rank equally with the Shares currently on issue

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(h) **Maximum number of securities**

The Board may grant such number of Shares, Performance Rights and/or Options under the EEIP as the Board determines so long as no limit specified, imposed or calculated by any relevant policy or guideline of ASIC, including any regulatory guide, class order or condition for relief, is exceeded.

(i) **Dealing with Options and Performance Rights**

A Participant may not engage in any dealing with any Shares, Options or Performance Rights issued under the Plan, unless:

- (1) the prior consent of the Board is obtained, which consent may impose such terms and conditions as the Board sees fit; or
- (2) such assignment or transfer occurs by force of law upon the death of a Participant to the Participant's legal personal representative.

(j) **Hedging not allowed**

If restricted by law, a Participant may not enter into any arrangement for the purpose of hedging, or otherwise affecting their economic exposure to any Options or Performance Rights.

(k) **New issues, reorganisations of capital and winding up**

- (1) Participants holding Options or Performance Rights are not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless:
 - (A) their Options or Performance Rights under the Plan have vested; and
 - (B) they exercise their Options or Performance Rights and receive Shares before the record date for the determination of entitlements to the new issue of securities and participate as a holder of Shares.
- (2) In accordance with the Listing Rules, the Company will give Participants notice of any new issue of securities before the record date for determining entitlements to the new issue.
- (3) If the Company makes a pro rata issue of Shares (except a bonus issue) to existing holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option or Performance Right before the record date for determining entitlements to the pro rata issue, the Exercise Price of the Option or Performance Right will be reduced according to the formula specified in the Listing Rules.
- (4) If the Company makes a bonus issue of Shares to existing holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option or Performance Right before the record date for determining entitlements to the bonus issue, then the number of underlying Shares over which the Option or Performance Right is exercisable will be increased by the number of Shares which the Participant would have received if the Participant had exercised the Option or Performance Right before the record date for the bonus issue. No adjustment will be made to the Exercise Price.
- (5) If there is a reorganisation of the issued capital of the Company (including a consolidation, subdivision, reduction or return) then the rights of a Participant (including the number of Options or Performance Rights to which each Participant is entitled and the Exercise

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Price) will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

(l) **Winding up**

If a resolution for a members' voluntary winding up of the Company is proposed (other than for the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to Participants of the proposed resolution. Subject to the Option Vesting Conditions or Performance Right Vesting Conditions, the Participants may, during the period referred to in the notice, exercise their Options or Performance Rights.

(m) **Fractions of Shares**

Fractions in the aggregate number only will be disregarded in determining the total entitlement of a Participant.

(n) **Termination of employment or office**

(1) If a Participant ceases to be an officer/employee/contractor due to resignation, dismissal for cause or poor performance or any other circumstances determined by the Board to constitute the Participant a Bad Leaver (**Bad Leaver**),

then, subject to compliance with the Listing Rules and the Corporations Act:

(A) any Unvested Shares held by the Participant will be forfeited by the Participant;

(B) Unvested Options and Unvested Performance Rights held by the relevant Participant will immediately lapse; and

(C) Vested Options or Vested Performance Rights that have not been exercised will lapse on the date the person ceases to be an employee/contractor.

(2) If a Participant ceases to be an employee/contractor for reasons other than as a Bad Leaver (**Good Leaver**):

(A) all Unvested Shares held by the Participant will be forfeited by the Participant;

(B) Unvested Options and Unvested Performance Rights held by the relevant Participant will immediately lapse; and

(C) Vested Options or Vested Performance Rights that have not been exercised will continue in force and remain exercisable for 90 days after the Participant ceases to be an employee/contractor.

(o) **Change of Control Events**

Except to the extent otherwise provided in the offer to a Participant, if a takeover offer for the Company's Shares becomes unconditional or another transaction occurs pursuant to which control of the Company changes (as defined in the Plan Rules), all Unvested Shares, Unvested Options and Unvested Performance Rights held by a Participant will automatically vest and become immediately exercisable with such vesting deemed to have taken place immediately prior to the effective date of the change of control Event, regardless of whether or not the employment, engagement or office of the Participant is terminated or ceases in connection with the Change of Control Event.

Explanatory Memorandum

Schedule 2 - Terms of Related Party Options

(a) **Entitlement to Shares**

Each Related Party Option (**Option**) entitles the holder to subscribe for one Share upon exercise of the Option, subject to satisfaction of the Vesting Condition. For the avoidance of doubt, the Company may, in its absolute discretion, either issue new Shares or acquire Shares already on issue, or a combination of both, to satisfy the Company's obligations.

(b) **Vesting Condition**

The Company's Shares trading on ASX at more than 3 cents for 5 successive Trading Days .

(c) **Exercise Price**

The Exercise Price of each Option is 3 cents.

(d) **Exercise Period/Expiry Date**

The Options have an exercise period commencing on the date of their issue and ending 30 months after their date of issue (**Expiry Date**).

(e) **Lapsing**

The Options issued will lapse on the earliest of:

- (1) the Expiry Date;
- (2) the director dealing in respect of the Options in contravention of the dealing or hedging restrictions;
- (3) the Board determining, acting reasonably, that the director has acted dishonestly, fraudulently or in material breach his material obligations to the Company; and
- (4) within 90 days of the Director ceasing to hold any office in the Company (where paragraph (3) does not apply).

(f) **Changes of control**

On the occurrence of a Change of Control (as defined under the Corporations Act), the Board will determine, in its sole and absolute discretion, the manner in which unvested Options shall be dealt with.

(g) **No loans**

No loan will be provided by the Company in relation to the grant or exercise of the Options.

(h) **Notice of Exercise**

The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(i) **Shares issued on exercise and disposal restriction**

Explanatory Memorandum

Shares issued on exercise of the Options rank equally with the then Shares of the Company, provided however that such Shares will be subject to escrow and be incapable of sale or other dealing by the holder for 36 months from the date of issue of the Options (**Escrow Period**).

(j) **Quotation of Shares on exercise**

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options, after the end of the Escrow Period.

(k) **Timing of issue of Shares**

Within 5 Business Days after the receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised (provided the Vesting Condition was satisfied on the date the Exercise Notice was given) the Company will allot and issue the Shares pursuant to the exercise of the Options.

(l) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be set in accordance with the ASX Listing Rules so that the holders of Options have an opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(m) **Reorganisations of capital**

If prior to an exercise of an Option, the Company undertakes any reorganisation of its share capital, the number of Shares over which an Option is exercisable will be adjusted as prescribed under the ASX Listing Rules.

(n) **No Quotation of the Options**

The Company will not apply for quotation of the Options on ASX.

(o) **Options Not Transferable**

The Options are not transferable without the prior written consent of the Company.

Option Valuation
Report Metallica
Minerals Limited

10 October 2019

John Haley

Chief Financial Officer
Metallica Minerals
Limited 71 Lytton Road

EAST BRISBANE QLD 4169

Dear John

OPTION VALUATION REPORT

You have requested Moore Stephens – Corporate Finance (QLD and Northern NSW) Pty Ltd (“**Moore Stephens**”) to prepare a valuation report setting out our opinion as to the fair market value of the proposed employee share options to be offered to Scott Waddell, Theo Psaros and Andrew Gillies in Metallica Minerals Limited (“**MLM**” or “**the Company**”) as at 10 October 2019 (“**the Valuation Date**”).

This Report has been prepared in accordance with the terms of the engagement letter dated 8 October 2019. This Report is subject to the limitations outlined below. Our valuation is a Limited Scope Valuation Engagement. The valuation report has been prepared in accordance with APES 225 Valuation Services.

Yours Faithfully

Brett Plant

Director

*Moore Stephens – Corporate Finance
(Qld & Northern NSW) Pty Ltd*

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1 BACKGROUND

Metallica Minerals Limited (ASX: MLM) is primarily an Australian bauxite developer with other interests in mineral sands, silica sands, gold-copper and graphite.

MLM is transitioning from minerals exploration to development and production, concentrating on its bauxite assets with the goal of becoming a successful, sustainable and profitable bauxite miner producing 5-7Mtpa of bauxite over the coming 3-5 years.

Moore Stephens has been advised that the following employee share options have been proposed:

Employee	Proposed Options
Scott Waddell	4,000,000
Theo Psaros	3,000,000
Andrew Gillies	3,000,000
Total Proposed Employee Share Options	10,000,000

The proposed employee share options have the following terms and conditions:

- The options will be granted to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules), upon approval from shareholders;
- The options will vest upon MLM's shares reaching a 5-day volume weighted average price of \$0.03 on the Australian Stock Exchange;
- The options must be exercised within 2.5 years of the grant of options (not vesting date);
- Shares issued are escrowed for 3 years after grant of options (not vesting date).

1.1 Accounting Standards

AASB 2 requires share-based payment transactions to be recognised in the financial statements. To apply this requirement, it is necessary to determine the type of equity instrument granted. We understand that option being granted is a straight forward option arrangement and as such will be treated as an option for financial reporting purposes.

AASB 2 requires that fair value be estimated using a valuation technique which indicates what the price of those equity instruments would have been on the measurement date in an arm's length transaction between knowledgeable, willing parties (AASB 2, paragraph 17). The fair value of equity instruments granted is measured at the grant date, defined as the date on which the entity and the other party agree to the share-based payment arrangement.

Furthermore, for both parties to have agreed to the share-based payment arrangement, both parties must have a shared understanding of the terms and conditions of the arrangement. Therefore, if some of the terms and conditions of the arrangement are agreed on one date, with the remainder of the terms and conditions agreed on a later date, then grant date is on that later date, when all of the terms and conditions have been agreed. For example, if an entity agrees to issue share options to an employee, but the exercise price of the options will be set by a compensation committee that meets in three months' time, grant date is when the exercise price is set by the compensation committee AASB 2 (IG3).

AASB 2 (paragraph 17) requires the use of a valuation technique consistent with generally accepted valuation methodologies for pricing financial instruments. In light of the specific details of the Options, this report adopts the Black-Scholes.

2 VALUATION ISSUES

2.1 Valuation Methodology

The determination of the fair value of an Option is traditionally performed using one of the following methods/models:

Black-Scholes (1973) option pricing model; or

Cox, Ross and Rubinstein's (1979) Binomial model or variations thereof.

These models can be further enhanced to allow for uncertainty by using Monte Carlo simulation methods.

Each of these valuation methodologies has its appropriate application in different circumstances. The decision as to which methodology to apply generally depends on various features of the issued Options, the most common method adopted and the availability of information.

Black-Scholes

The Black-Scholes formula is commonly used for assessing the value of call options over shares. The Black-Scholes formula assumes that the option is a European Option which means the option can only be exercised on the expiration date. In practice in Australia this is often not the case as options often allow for early exercise and also an exercise window if an employee leaves the company.

Binomial Method

The Binomial option pricing model can be used when the asset is expected to pay dividends over the life of the option. The Binomial method can also be employed when vesting is not conditional on a comparison with other companies (i.e. when vesting is conditional only on non-market-based performance hurdles).

Monte Carlo Simulation Method

Monte Carlo simulations are applicable in all circumstances, but especially when there is relative uncertainty in relation to one of more of the valuation metrics.

We have determined that the Black-Scholes valuation methodology is the most appropriate in this circumstance.

Key Valuation Considerations

A call option represents the right to buy the underlying shares at a predetermined value or price (the "exercise price").

The value of an option is determined by the following variables relating to the underlying asset and the financial markets:

- *Value of the underlying asset:* Options are assets that derive their value from an underlying asset. Consequently, changes in the value of the underlying asset affect the value of the options on that asset. Since call options provide the right to buy the underlying asset at a fixed price, an increase in the value of the asset will increase the value of the call options.
- *Volatility in value of the underlying asset:* The volatility of an asset is a measure of the degree to which an underlying asset's market price changes during a set period. It is mathematically expressed as the standard deviation of the continuously compounded return on the asset.

A share's volatility measure captures the characteristics of fluctuations in the share's price. Shares with a higher volatility measure are subject to greater fluctuations in price than shares with a lower volatility measure. Whilst to a shareholder a high volatility measure would indicate high risk, high share volatility to an option holder makes call options more attractive and of higher value. The reason for this is that an option holder's downside risk is limited as a result of their right to let their options expire unexercised should the share price during the exercise period be below the option's exercise price. Hence, higher share volatility to an option holder represents greater upside potential

without affecting the downside potential, as the downside potential is limited or truncated by the option's exercise price.

Accordingly, the higher the variance in the value of the underlying asset, the greater the value of the option.

- *Strike price of the option:* In the case of call options, where the holder acquires the right to buy at a fixed price, the value of the call option will decline as the strike prices increases.
- *Time to expiration of the option:* Both call options and put options become more valuable as the time to expiration increases. This is because the longer time to expiration provides more time for the value of the underlying asset to move, increasing the value of both types of options.
- *Risk-free interest rate corresponding to life of the option:* The risk-free interest rate affects the valuation of options mainly by affecting the present value of the exercise price. Since the exercise price does not have to be paid until expiration on call options, increases in the interest rate will increase the value of call options.
- *Dividends paid on the underlying asset:* Option valuation is also sensitive to the selection of a dividend yield that will be maintained over the life of the option. The value of the underlying asset can be expected to decrease if dividend payments are made on the asset during the life of the option. Consequently, the value of a call option on the asset is a decreasing function of the size of expected dividend payments.

The value of a call option over shares includes two components namely, the intrinsic value and the time value of the option.

The intrinsic value of an option is a function of the share price and the option exercise price. The time value component of an option is a function of the time to expiry of the option, the expected future volatility of the underlying share price and the expected interest rate over the time period to the expiry of the option. It reflects the probability that the share price may increase over time, thus increasing the profit achieved upon exercise of the option.

2.2 Option Valuation Methodology and Assumptions

We have utilised the Black-Scholes option pricing model to value the Options. The use of this model requires the input of six principal variables:

- price of the underlying security;
- the exercise price;
- the annualised time to maturity;
- the dividend rate;
- the continuously compounded equivalent of the risk free rate; and
- the security's price volatility (annualised).

We have set out our considerations in respect of each of these variables in the following sections.

3 VALUATION

We have determined that the appropriate valuation methodology for the proposed employee share options is the Black-Scholes method.

3.1 Term to maturity

We understand that the options will have a 2.5 year exercise period from the grant date, which will be within 30 days of the 2019 Annual General Meeting if the proposed grant of options are approved by shareholders. MLM's 2019 Annual General Meeting is expected to be held in October 2019.

3.2 Exercise price

The option can be exercised once the share price has achieved a VWAP of 3 cents over 5 continuous trading days. Once exercised, the shares are to be held in escrow until the third year post grant date has passed. While we could have allowed a liquidity discount due to the escrow period for the shares we have taken a conservative view and used the full value of the share in valuing the option.

3.3 The dividend rate

Employee share options do not have rights to dividends.

3.4 The risk-free rate

A proxy for the risk-free rate is the Treasury bill rate (for a short term option), or the Government bond rate (for a longer term option), prevailing for the time until expiration of the option. The rate used should be that which is applicable over the time to maturity of the option.

It is generally accepted market practice to adopt the continuously compounded equivalent of the yield implicit in interest rates derived from Government bond market interest rates. We have determined the risk free rate for the purposes of this valuation is 0.80%, being the Commonwealth Government 2 year bond rate as at September 2019.

The security's price volatility

The volatility of a share is a measure of the degree to which the share price changes during a set period. It is mathematically expressed as the standard deviation of the continuously compounded return on the asset. To accurately value options, a volatility measure should be selected that is most likely to represent the future volatility of the underlying shares during the life of the option.

The underlying asset is an ordinary share in Metallica Minerals Limited. As MLM is lightly traded we have looked at similar listed companies as a proxy for volatility. We have estimated future volatility of the underlying security price over the period to expiry of the option to be 88% per annum.

In arriving at our estimate of volatility, we have researched the volatility of comparable companies, as detailed in Appendix 2, and taken the median of these companies to as the volatility of these Options.

3.5 Spot price of the asset

We have determined the spot price of Metallica Minerals Limited to be the 30 day Volume Weighted Average Price as at 9 October 2019, being \$0.01215 per share.

3.6 Valuation conclusion

Based on the above, we value each proposed employee share option at 0.0037 as at 10 October 2019. The total value of the proposed employee share options for each employee has been listed below.

MOORE STEPHENS

regulatory or professional requirements. In particular, we have had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and ASIC.

4.3 Disclaimer

This Report has been prepared at the request of the Metallica Minerals Limited and was not prepared for any purpose other than that stated in this Report. This Report has been prepared for the sole benefit of Metallica Minerals Limited. Accordingly, this Report and the information contained herein may not be relied upon by anyone other than the company without the written consent of Moore Stephens. Moore Stephens accepts no responsibility to any person other than Metallica Minerals Limited.

The statements and opinions contained in this report are given in good faith and are based upon Moore Stephens' consideration and assessment of information provided by the Directors of Metallica Minerals Limited.

Employee	Proposed Options	Total Value of Proposed Options
<u>Scott Waddell</u>	<u>4,000,000</u>	<u>\$14,800</u>
<u>Theo Psaros</u>	<u>3,000,000</u>	<u>\$11,100</u>
<u>Andrew Gillies</u>	<u>3,000,000</u>	<u>\$11,100</u>
Total Proposed Employee Share Options	10,000,000	\$37,000

4 QUALIFICATIONS DECLARATIONS & CONSENTS

4.1 Qualifications

Moore Stephens Corporate Finance provides advice in relation to all aspects of business advisory including business valuation, mergers and acquisitions including deal structuring, due diligence and capital raising.

Mr Brett Plant, BBus, MCom, FCA is a Director of Moore Stephens Corporate Finance (Qld & Northern NSW) Pty Ltd. Mr Plant also holds a Business Valuation Specialisation designation with Chartered Accountants Australia & New Zealand. Mr Plant has been actively involved in the preparation of this report.

Mr Plant has in excess of twenty years' experience in the Chartered Accountancy profession and has been involved in specialist corporate advisory services including company valuations, business sales, due diligence investigations, independent experts' reports as well as other corporate investigations. Mr Plant has the appropriate experience and professional qualifications to provide the advice offered.

4.2 Independence

Moore Stephens is not aware of any matter or circumstance that would preclude it from preparing this report on the grounds of independence either under

APPENDIX 1 SOURCES OF INFORMATION

In preparing this report we have had access to and relied upon the following principal sources of information:

- Details provided of the terms of the Option from the Company;
- Publicly available economic research publications;
- Other publicly available information on Coal Mining Exploration companies.

In addition to the above, Moore Stephens Corporate Finance has had various discussions with the management, officers and advisers of MLM regarding the nature of the MLM's business, their operations, financial position and prospects.

13.

APPENDIX 2 COMPARABLE COMPANIES

Below is our list of comparable companies used to determine the volatility of the proposed employee share options. These values have been calculated as at 9 October 2019, the last trading day prior to our valuation date.

Ticker	Company Name	Day Close Price Latest	Market Capitalization Latest	1 Year Volatility	2 Year Volatility	5 Year Volatility	30 day VWAP
ASX:MLM	Metallica Minerals Limited	0.000	3.89	74.3212	64.1658	70.2859	0.012150
ASX:POS	Poseidon Nickel Limited	0.053	140.06	57.01	63.08	75.13	0.056
ASX:STA	Strandline Resources Limited	0.105	39.08	66.44	72.00	99.51	0.109
ASX:HNR	Hannans Limited	0.009	17.89	91.90	89.52	127.45	0.011
ASX:MRD	Mount Ridley Mines Limited	0.001	2.33	183.47	158.02	138.14	0.001
ASX:AVQ	Axiom Mining Limited	0.000	13.28	90.56	86.60	91.60	0.000
ASX:SG1	Sagon Resources Limited	0.059	17.16	169.50	142.84	142.27	0.050
ASX:AXE	Archer Exploration Limited	0.140	27.59	74.02	85.97	71.06	0.144
ASX:VRX	VRX Silica Limited	0.140	56.60	92.25	103.30	105.68	0.150
			Average	103.14	100.17	106.36	
			Median	91.23	88.06	102.59	



METALLICA MINERALS LTD
ACN 076 696 092

LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
Metallica Mineral Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**
Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Metallica Minerals Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **11:00am (Brisbane Time) on Friday, 29 November 2019 at Colin Biggers & Paisley, Level 35, 1 Eagle Street, Brisbane Qld 4000** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 3, 6 & 7: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 3, 6 & 7, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 1, 2, 3, 4, 5, 6, 7.

The Chairman of the Meeting intends to vote undirected proxies against Resolutions 8 if it is put to the Meeting.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an

Resolutions

Resolutions	For	Against	Abstain*	Resolutions	For	Against	Abstain*
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Issue of options to Related Party - Mr Scott Waddell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Andrew Gillies as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Issue of options to Related Party - Mr Theo Psaros	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval to adopt new Employee Equity Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Issue of options to Related Party - Mr Andrew Gillies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 Spill Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



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

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

MLM PRX1902C



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

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

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in 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 A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am (Brisbane Time) on Wednesday, 27 November 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MAIL

Metallica Minerals Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**