

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2017 Annual General Meeting of Shareholders of Neometals Ltd ABN 89 099 116 631 (**Company**) will be held at the **Parmelia Hilton, 14 Mill Street, Perth, Western Australia**, on **Friday, 24 November 2017 at 3:00pm** Western Standard Time for the purpose of transacting the following business.

*An Explanatory Statement and proxy form accompany, and form part of, this Notice. Information relevant to the proposed resolutions set out below, including information required by the ASX Listing Rules and the Corporations Act 2001 (Cth), can be found in the Explanatory Statement.*

### **BUSINESS**

#### **1. Annual Report for year ended 30 June 2017**

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To receive the Annual Report of the Company for the period ended 30 June 2017 which includes the Financial Report of the Company, the Directors' Report, the Remuneration Report and the Report of the Auditor, Deloitte. During the consideration of these items, Shareholders are invited to ask questions or make comments on:

- the Financial Report of the Company for the period ended 30 June 2017;
- the Directors' Report in relation to that period; and
- the Report of the Auditor on the Financial Report.

A representative of the Company's Auditor is anticipated to be in attendance to respond to any questions raised of the Auditor or on the Auditor's Report in accordance with the terms of section 250T of the Corporations Act.

#### **2. Election of Directors**

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

##### **Resolution 1**

*"THAT Steven Cole, who will retire as a Director by rotation in accordance with the Company's Constitution and the ASX Listing Rules, and being eligible, offers himself for re-election as a Director, be re-elected as a Director of the Company."*

#### **3. Approval of the Performance Rights Plan**

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

##### **Resolution 2**

*"THAT, for the purposes of ASX Listing Rule 7.2 exception 9(b) and for all other purposes, approval be given to the Company's Performance Rights Plan (as described in the Explanatory Memorandum) and for the grant of performance rights under it."*

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

The Company will disregard any votes cast on Resolution 2:

- (a) by a Director and any of their associates; and
- (b) as proxy by a member of the KMP or their Closely Related Parties,
- unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form or by the Chairman pursuant to an express authorisation to exercise the proxy.

#### 4. Approval of previous grants of Performance Rights

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

##### Resolution 3

*“THAT, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the grant of 1,214,027 performance rights under the Company’s Performance Rights Plan on 3 October 2017, as set out in the Explanatory Statement accompanying this Notice of Annual General Meeting, be ratified and approved.”*

##### Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 3:

- (a) by any person who participated in the grant of performance rights and any of their associates; and
- (b) as proxy by a member of the KMP or their Closely Related Parties,
- unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form or by the Chairman pursuant to an express authorisation to exercise the proxy.

#### 5. Approval of grant of Performance Rights to Christopher Reed

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

##### Resolution 4

*“THAT, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the Company to grant performance rights to Mr Christopher Reed in respect of the financial years 30 June 2018, 30 June 2019 and 30 June 2020 under the Company’s Performance Rights Plan, as more fully described in the Explanatory Statement accompanying this Notice of Annual General Meeting.”*

##### Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 4:

- (a) by a Director and any of their associates; and
- (b) as proxy by a member of the KMP or their Closely Related Parties,
- unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form or by the Chairman pursuant to an express authorisation to exercise the proxy.

#### 6. Approval of grant of Performance Rights to Non-Executive Directors

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

##### Resolution 5

*“THAT, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the Company to grant performance rights from time to time to the Company’s Non-Executive Directors in office under the Company’s Performance Rights Plan on the terms set out in the Explanatory Memorandum.”*

##### Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 5:

- (a) by a Director and any of their associates; and
- (b) as proxy by a member of the KMP or their Closely Related Parties,

unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form or by the Chairman pursuant to an express authorisation to exercise the proxy.

## 7. Adoption of Remuneration Report

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To consider and, if thought fit, to pass the following as a non-binding resolution:

### Resolution 6

*"THAT, for the purposes of section 250R(2) of the Corporations Act 2001 (Cth), the Remuneration Report for the year ended 30 June 2017 be adopted."*

The Remuneration Report is set out in the 2017 Annual Report. Please note that, in accordance with section 250R(3) of the *Corporations Act 2001* (Cth), the vote on this resolution is advisory only, and does not bind the Directors or the Company.

### Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 6:

- (a) by or on behalf of a member of the KMP as disclosed in the Remuneration Report;
- (b) by or on behalf of a Closely Related Party (such as close family members and any controlled companies) of a member of the KMP; or
- (c) as a proxy by a member of the KMP or their Closely Related Parties,

unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form or by the Chairman pursuant to an express authorisation to exercise the proxy.

## 8. Other Business

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In compliance with section 250S(1) of the *Corporations Act 2001* (Cth), Shareholders are invited to ask questions about or make comments on the management of the Company and to raise any other business which may lawfully be brought before the meeting.

### BY ORDER OF THE BOARD

**Jason Carone**  
**Company Secretary**  
**Date: 4 October 2017**

## EXPLANATORY STATEMENT

**THIS EXPLANATORY STATEMENT** accompanies and forms part of the Notice convening the 2017 Annual General Meeting of Shareholders of Neometals Ltd ABN 89 099 116 631 (**Company**) to be held at the **Parmelia Hilton, 14 Mill Street, Perth, Western Australia**, on **Friday, 24 November 2017** at **3:00pm** Western Standard Time.

This Explanatory Statement is to provide Shareholders with explanatory notes and information relevant to the Annual General Meeting and its business. It comprises of a Part A and a Part B. This Explanatory Statement should be read in conjunction with the accompanying Notice.

### **PART A: VOTING**

#### **1. Definitions**

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In this Notice and Explanatory Statement:

**AASB** means the Australian Accounting Standards Board.

**Annual General Meeting** means the annual general meeting notified to the Shareholders by the Notice.

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

**Board** means the board of Directors of the Company.

**Closely Related Party** has the meaning given in section 9 of the Corporations Act, and includes close family members and any controlled companies of a member of the KMP.

**Company** means Neometals Ltd ABN 89 099 116 631.

**Constitution** means the constitution of the Company.

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

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

**Explanatory Statement** means this explanatory statement incorporated in this Notice.

**Key Management Personnel or KMP** means the Company's key management personnel as defined in AASB Standard 124.

**Listing Rules** means the Listing Rules from time to time of the ASX.

**Notice** means the notice of annual general meeting incorporating this Explanatory Statement.

**Related Body Corporate** has the meaning given in the Corporations Act.

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

**Shareholder** means a holder of Shares in the Company.

#### **2. Required Majority**

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- (a) In accordance with the Corporations Act, for the resolutions to be effective:
- (i) the resolutions must be passed at a meeting of which not less than 28 days' written notice specifying the intention to propose the resolutions has been given (satisfied by this Notice); and
  - (ii) in the case of ordinary resolutions, must be passed by more than 50% of all the votes cast by Shareholders present and entitled to vote on the resolutions (whether in person or by proxy, attorney or representative); and

- (iii) in the case of special resolutions, must be passed by not less than 75% of all the votes cast by Shareholders present and entitled to vote on the resolutions (whether in person or by proxy, attorney or representative).
- (b) On a show of hands every Shareholder has one vote and, on a poll, every Shareholder has one vote for each share held.

### **3. Entitlement to Vote**

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The Company has determined that, for the purposes of the Corporations Act, the persons eligible to attend and vote at the Annual General Meeting are those persons who are registered Shareholders of the Company at 4:00pm Western Standard Time on Wednesday, 22 November 2017.

### **4. Proxies**

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- (a) Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
- (b) A proxy need not be a Shareholder of the Company.
- (c) The proxy form sent with this Notice should be used for this Annual General Meeting.
- (d) Each Shareholder who is entitled to vote at this Annual General Meeting may appoint up to 2 persons to act as proxies and may specify the proportion or number of votes that each proxy is entitled to exercise. If a Shareholder does not specify the proportion or number of that Shareholder's votes that each proxy may exercise, then each proxy will be entitled to exercise half of that Shareholder's votes. An additional proxy form will be supplied by the Company on request. No Shareholder may appoint more than 2 proxies.
- (e) In the case of a shareholder who is an individual, a proxy form must be executed under the hand of the individual or his or her attorney duly authorised in writing and, in the case of a member that is a corporation, a proxy form must be executed by the corporation under common seal, pursuant to section 127 of the Corporations Act or under the hand of its duly authorised officer or attorney.
- (f) Any Shareholder may by power of attorney appoint an attorney to act on his or her behalf and such power of attorney or certified copy thereof must be received by the Company as specified in paragraph (k).
- (g) Any corporation which is a Shareholder of the Company may appoint a representative to attend and vote for that corporation at the Annual General Meeting. Appointments of representatives by corporations must be received by the Company as specified in paragraph (k) or handed in at the Annual General Meeting when registering as a company representative.
- (h) Any directed proxies that are not voted on a poll at the Annual General Meeting by a Shareholder's appointed proxy will automatically default to the Chairman of the Annual General Meeting, who is required to vote proxies as directed on a poll.
- (i) Members of the KMP (which includes each of the Directors) will not be able to vote as proxy on Resolutions 2 to 6 unless the Shareholder tells them how to vote or, in the case of the Chairman of the Annual General Meeting, unless the Shareholder expressly authorises him to do so. If a Shareholder intends to appoint a member of the KMP (other than the Chairman) as their proxy, the Shareholder should ensure that they direct the member of the KMP how to vote on Resolutions 2 to 6.

- (j) If a Shareholder intends to appoint the Chairman of the Annual General Meeting as their proxy for Resolutions 2 to 6, Shareholders can direct the Chairman how to vote by marking one of the boxes for Resolutions 2 to 6 (for example, if the Shareholder wishes to vote 'for', 'against' or to 'abstain' from voting). If a Shareholder does not direct the Chairman how to vote, then by submitting the proxy form, the Shareholder will be expressly authorising the Chairman to exercise the proxy in respect of Resolutions 2 to 6 even though it is connected to the remuneration of members of the KMP.
- (k) Proxy forms (including any instruments under which they have been executed) and powers of attorney granted by Shareholders must be received by the Company by 3:00pm Western Standard Time on Wednesday, 22 November 2017:

**At the Company's share registry:**

- (i) by post to the share registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001 Australia; or
- (ii) by facsimile to the share registry – 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or

**At the Company's registered office:**

- (iii) by hand delivery to the registered office – Level 3, 1292 Hay Street, West Perth, Western Australia;
- (iv) by post to the registered office – Locked Bag 8, West Perth WA 6872; or
- (v) by facsimile to the registered office – facsimile number +61 8 9321 0556; or
- (vi) by email – cosec@neometals.com.au.

**Online**

Alternatively, Shareholders can register their proxy voting instructions online at [www.investorvote.com.au](http://www.investorvote.com.au) by 3:00pm Western Standard Time on Wednesday, 22 November 2017. Please refer to the enclosed proxy form for more information about submitting proxy voting instructions online.

Custodians and nominees are able to vote online at [www.intermediaryonline.com](http://www.intermediaryonline.com).

## **PART B: EXPLANATORY NOTES**

### **5. Election of Directors**

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#### ***Resolution 1 – Election of Steven Cole***

As required by the Company's Constitution and the ASX Listing Rules, Mr Steven Cole retires as a Director by rotation, and, being eligible, offers himself for re-election.

Information in respect of Steven Cole is set out below:

#### **Steven Cole**

Steven Cole has over 40 years of professional, corporate and business experience through senior legal consultancy, as well as a range of executive management and non-executive appointments.

His extensive boardroom and board sub-committee experience includes ASX listed, statutory, proprietary and NFP organisations covering the industrial, financial, educational, professional services, agribusiness, health, local government and resources sectors.

Steven's professional qualifications include:

- LLB (Hons) – University of Western Australia;
- AICD Company Directors Diploma and Fellow;
- Wharton Business School – University of Pennsylvania – Corporate Governance Program 2010; and
- Harvard – Corporate Governance Program 2015.

Steven was appointed as a director of the Company on 24 July 2008. Steven is Chairman of each of the Nomination and Remuneration Committees and is a Member of the Audit Committee.

Steven is also a non-executive Director of ASX listed Matrix Composites and Engineering Ltd ACN 009 435 250 amongst his other business commitments and interests.

#### **Recommendation of Directors**

The Directors (with Steven Cole abstaining), after considering the recommendations of the Nominations Committee, recommend that Shareholders vote in favour of Resolution 1. Steven Cole makes no recommendation in relation to his re-election.

The Chairman of the Annual General Meeting intends to vote all available proxies in favour of Resolution 1.

### **6. Performance Rights**

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#### ***Resolution 2 – Approval of the Performance Rights Plan***

#### **Background**

In 2011, the Company established the Performance Rights Plan (**PRP**) for its employees to reward contributions to the Company's performance, and strengthen the link between the creation of value for Shareholders and rewards for its employees. The PRP was approved at the Company's 2011 annual general meeting and was subsequently approved again at the Company's 2014 annual general meeting.

The Company has amended and updated the PRP to better reflect contemporary trends in corporate governance practice (particularly concerning extending vesting dates and more rigour as to vesting threshold criteria) and to allow for the participation of Non-Executive Directors (see further Resolution 5 below). The amended PRP is being presented to Shareholders for approval at the 2017 Annual General Meeting.

The Company believes that the PRP assists it to remunerate and provide ongoing incentives to its employees and, going forward, will help encourage Non-Executive Directors to hold a base level of Shareholding in the Company.

In summary, the rules of the PRP enables the Company to issue performance rights (**Performance Rights**) to eligible personnel subject to performance hurdles and vesting conditions determined by the Board. Each Performance Right entitles the holder, for nil cash consideration, to one fully paid ordinary share in the Company if the applicable performance hurdles and vesting conditions set for that holder are satisfied and the Performance Right is exercised by the holder.

A more detailed summary of the rules of the PRP is set out in Appendix 1. A copy of the full rules of the PRP is available upon request from the Company.

Since Shareholders last approved the PRP in 2014, the Company has granted a total of 4,460,237 Performance Rights. 2,802,919 Shares have been issued on the vesting of a number of these Performance Rights (with some rights subject to re-testing on 31 December 2017).

#### **Why is approval being sought?**

Broadly, ASX Listing Rule 7.1 prohibits the Company issuing equity securities which, in aggregate, exceed 15% of the fully paid ordinary share capital of the Company in any 12-month period, unless the Company obtains Shareholder approval for the issue or an exception applies.

Exception 9(b) in ASX Listing Rule 7.2 provides that Listing Rule 7.1 does not apply to the issue of equity securities by the Company under an employee incentive scheme if the scheme has been approved by Shareholders within 3 years before the date of issue.

The approval of the PRP in 2011 and in 2014 meant that Performance Rights granted, and Shares issued on vesting of those rights, in the previous 6 years fell within this exception.

The Company is seeking approval of the PRP for the purposes of Listing Rule 7.2 exception 9(b) so that grants of Performance Rights under the PRP, and further issues of Shares on vesting of those Performance Rights, will not reduce the Company's 15% capacity under Listing Rule 7.1.

The grant of any Performance Rights to a Director will require specific approval under Listing Rule 10.14.

#### **Recommendation of Directors**

Given that the Directors may participate in the PRP, the Board makes no recommendation in respect of Resolution 2.

The Chairman intends to vote all available proxies in favour of Resolution 2.

#### **Resolution 3 – Approval of previous grants of Performance Rights**

On 3 October 2017, the Company issued 1,214,027 Performance Rights under the amended PRP (as described in Resolution 2) that has been adopted by the Board and submitted for shareholder approval under Resolution 2 at this Annual General Meeting. Details of the issue were announced to ASX on 3 October 2017.

As noted above, ASX Listing Rule 7.1 provides that, without the approval of the shareholders, the Company must not issue or agree to issue equity securities if those securities, when



aggregated with the securities issued by the Company without approval and which were not subject to an exemption during the previous 12 months, exceeds 15% of the number of securities on issue at the commencement of that 12 month period (subject to certain rules and exemptions).

The issue and allotment of the equity securities, in the form of Performance Rights, outlined in Resolution 3 does not exceed the 15% limit. However, ASX Listing Rules 7.1 and 7.4 provide that, where a company in an annual general meeting ratifies an issue of equity securities, the issue will be treated as having been made with approval for the purpose of ASX Listing Rule 7.1, thereby enabling the company to issue further equity securities in the following 12 months without exceeding the 15% limitation.

Shareholder approval is sought so as to refresh the Company's 15% equity security placement limit pursuant to ASX Listing Rule 7.1.

In order to satisfy ASX Listing Rule 7.4, Resolution 3 proposes the ratification of the issue of the Performance Rights described above.

For the purposes of ASX Listing Rule 7.5, the following information is provided in relation to Resolution 3:

- **Number of securities issued:** 1,214,027 Performance Rights.
- **Price at which the securities were issued:** The Performance Rights were granted for nil cash consideration under the PRP. Each Performance Right entitles the holder, on exercise, to one Share on satisfaction of certain performance hurdles and vesting conditions. No further amount is payable on exercise of the Performance Rights.
- **Terms of the securities:** Each Performance Right entitles the holder, on exercise, to one Share on satisfaction of certain performance hurdles and vesting conditions.
- **Name of allottee:** Employees of and/or consultants to the Company as invited to participate in the PRP by the Board, none of whom are related parties of the Company.
- **Intended use of the funds raised:** No funds were raised from the issue. The Performance Rights were issued to remunerate and provide incentives to the Company's employees.

#### **Recommendation of Directors**

The Directors recommend that Shareholders vote in favour of Resolution 3.

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

#### ***Resolution 4 – Grant of Performance Rights to Christopher Reed***

##### **Background**

Under Mr Reed's employment agreement, Mr Reed is currently entitled to receive a base salary of \$540,000 per annum (inclusive of statutory superannuation); a variable remuneration component in the form of a short-term incentive annual discretionary bonus of up to \$180,000; and a long term incentive component in the form of the grant of Performance Rights up to a value of \$270,000 under the PRP (subject to any requisite Shareholder approvals).

As part of his long-term incentive remuneration structure, the Company has agreed to invite Mr Reed to apply for tranches of Performance Rights over the next 3 financial years in accordance with agreed principles and subject to agreed performance conditions set out below.

### Terms of Long Term Incentive Performance Rights

In respect of each financial year until 30 June 2020, in accordance with the terms of his employment contract, Mr Reed will be invited to apply for a number of Performance Rights under the amended PRP (as described in Resolution 2) that has been adopted by the Board and submitted for shareholder approval under Resolution 2 at this Annual General Meeting.

The number of rights that Mr Reed will be entitled to apply for will be determined by reference to the following formula (Mr Reed's **Issue Formula**):

$$P = \frac{S}{VWAP}$$

Where:

- P is the whole number of Performance Rights;
- S is the portion of Mr Reed's Annual Salary Package referable to the long term incentive for the applicable period, set in accordance with his employment contract; and
- VWAP is the 60-day volume weighted average price of Shares on ASX calculated as at 30 June for the relevant financial year.

The Performance Rights will be granted subject to the rules of the PRP.

Under the rules of the PRP (subject to Rule 4), the Performance Rights will vest only if Mr Reed remains an employee of the Company or a Related Body Corporate up to and including the relevant vesting date.

Rule 4 of the PRP allows for earlier vesting where Mr Reed ceases to be an employee of the Company by reason of death, disability, bona fide redundancy or other reason with the approval of the Board.

When Rule 4 applies, the Board may determine the extent (if any) to which Performance Rights granted will vest, having regard to level of satisfaction of the performance conditions over the period from the date of grant to the date of cessation of employment.

No consideration is payable by Mr Reed at the time that the Performance Rights are granted or upon the allocation of Shares to which he may become entitled on the vesting dates.

#### Performance conditions

The Performance Rights will not vest unless the performance conditions set out below have been satisfied. The performance conditions will be measured over the period from 1 July 2017 to 30 June 2020 (**Vesting Date 1**) with an opportunity for the performance conditions to be re-measured six months later as at 30 December 2020 in respect of any Performance Rights which do not vest on 30 June 2020 (**Vesting Date 2**) (the period until 30 December 2020 being the **Relevant Period**).

Any Performance Rights that do not vest following re-testing will lapse.

##### (a) *Tranche 1 – Relative TSR*

The vesting of 40% of the Performance Rights will be measured at each Vesting Date by comparing the Company's total shareholder return (**TSR**) against the TSRs of a comparator group of companies determined by the Board on the recommendation of the Remuneration Committee over the Relevant Period.

The Performance Rights will vest depending on the Company's percentile ranking within the comparator group on the relevant Vesting Date as follows:

- If the Company ranks below the 50th percentile, none of the Performance Rights will vest.
- If the Company ranks at the 50th percentile, 50% of the Performance Rights will vest.
- For each percentile at or above the 51st percentile up to the 50th percentile, a further 2% of the Performance Rights will vest, with 100% vesting where the Company ranks at or above the 75<sup>th</sup> percentile.

(b) *Tranche 2 – Absolute TSR*

40% of the Performance Rights will be measured as at each Vesting Date by calculating the Company's annualised TSR calculated over the Relevant Period (**Absolute TSR**).

The Performance Rights will vest depending on the Company's annualised Absolute TSR on the relevant Vesting Date as follows:

- If the Company's annualised Absolute TSR is less than 15%, none of the Performance Rights will vest.
- If the Company's annualised Absolute TSR is 15%, 50% of the Performance Rights will vest.
- For each additional 1% TSR above 15% annualised Absolute TSR, an additional 10% of the Performance Rights will vest, with 100% vesting where the Company's annualised Absolute TSR is at or above 20%.

(c) *Tranche 3 – Business Plan*

The vesting of 20% of the Performance Rights will be tested as at each Vesting Date as follows.

10% will vest if the combined market capitalisation of the Company and any entity demerged from the Neometals Group and separately listed on the ASX would meet the threshold for entry into the ASX/S&P 200 Index.

The remaining 10% will vest on the achievement of performance hurdles set and assessed by the Board linked to the strategic objectives of the Company as set out in the Company's business plan for that year.

**Approval required**

Shareholder approval for grant of Performance Rights to the Directors is sought for the purposes of the ASX Listing Rules.

(a) **ASX Listing Rule 10.14**

ASX Listing Rule 10.14 provides that a listed company must not permit a director of the company to acquire securities under an employee incentive scheme (such as the PRP) without the prior approval of ordinary security holders.

Accordingly, Resolution 4 seeks approval under ASX Listing Rule 10.14 for the grant of the Performance Rights to Mr Reed on the terms set out above.

If Shareholder approval is obtained under Listing Rule 10.14, the grant of the Performance Rights and the subsequent issue of shares will not count towards the Company's 15% cap under Listing Rule 7.1 (without the need for separate Shareholder approval under Listing Rule 7.1).

(b) **ASX Listing Rule 10.15A**

ASX Listing Rule 10.15A requires the following information regarding the PRP and the Long Term Incentive Performance Rights to be included in this Explanatory Statement:

- Mr Reed is the Managing Director of the Company.
- Subject to Shareholder approval being obtained, the maximum number of Performance Rights (and hence Shares) that the Company may issue to Mr Reed in respect of the financial years ending 30 June 2018, 30 June 2019 and 30 June 2020 will be determined in accordance with the terms of his employment agreement as described above.
- No consideration is payable by Mr Reed at the time of grant of the Performance Rights or upon the allocation of Shares to which he may become entitled on vesting and exercise of the Performance Rights.
- No other person who would require Shareholder approval under ASX Listing Rule 10.14 has participated in the PRP since it was approved by Shareholders in November 2014. Since approval of the PRP in November 2014, Mr Reed has been issued 2,216,653 Performance Rights, of which 1,329,190 vested (resulting in the issue of 1,329,190 Shares), nil have lapsed and 265,902 remain outstanding and subject to performance hurdles to be tested on 31 December 2017, and 621,261 remain outstanding and subject to the performance hurdles to be tested on 30 June 2018 (and retesting on 31 December 2018). No consideration was paid by Mr Reed for these issues.
- The following persons who would require Shareholder approval under ASX Listing Rule 10.14 will be entitled to participate in the PRP: any Director of the Company.
- No loans will be made by the Company in connection with the acquisition of the Performance Rights by Mr Reed.
- Details of any Performance Rights and/or Shares issued under the PRP will be published in each Annual Report of the Company relating to the period in which performance rights or Shares have been issued.
- Any additional persons who become entitled to participate in the PRP after the resolutions are approved who are not named in the Notice will not participate until approval is obtained under Listing Rule 10.14 (if approval is required under that Listing Rule). See Resolution 5 in this regard.
- Performance Rights to be granted to the Directors in respect of the financial years will be issued on or around 30 June 2018, 30 June 2019 and 30 June 2020 and in any event not later than three years after the Annual General Meeting.

**Recommendation of Directors**

The Directors, other than Mr Christopher Reed, recommend that Shareholders vote in favour of Resolution 4. Mr Christopher Reed has an interest in the outcome of Resolution 4 and therefore declines to make any recommendation in relation to Resolution 4.

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

## **Resolution 5 – Approval of Non-Executive Director participation in the Performance Rights Plan**

### **Background**

Shareholders are being asked to approve the participation of Non-Executive Directors (**NEDs**) in the PRP, and any grants of Performance Rights in FY2018, FY2019 and FY2020 to any Non-Executive Directors in office from time-to-time, under the amended PRP (as described in Resolution 2) that has been adopted by the Board and submitted for shareholder approval under Resolution 2 at this Annual General Meeting.

The proposed inclusion of NEDs to the Company's Performance Rights Plan is intended to encourage and help facilitate current and future NEDs holding a base level shareholding in the Company. Whilst some companies have a policy requiring a mandatory level of share ownership by NEDs within several years of joining the Board of a company, Neometals' preferred approach is to encourage and facilitate its Directors to hold a modest parcel of shares in the Company over time, to align their interests with shareholder interests. By allowing NEDs to participate in the PRP this provides for the alignment of interests with the Company's shareholders with minimal administration for the Company whilst offering flexibility to the NEDs.

### **Overview of the proposed Non-Executive Director participation in the Performance Rights Plan**

NEDs will be invited to elect to be granted Performance Rights under the Company's Performance Rights Plan by salary sacrificing part of their fees for their services as NEDs in exchange for Performance Rights (up to a cap of 50% of the director's fees).

The number of rights that the NEDs will be entitled to apply for will be the percentage of their fees for the relevant financial year that they elect to sacrifice divided by the daily volume-weighted average market price of the Shares traded on the ASX during the five trading days prior to the date of grant.

The Performance Rights will be granted subject to the rules of the PRP. A summary of the rules of the PRP is set out in Appendix 1. A copy of the full rules of the PRP is available upon request from the Company.

The Performance Rights will vest if the NED remains a NED of the Company up to and including the relevant vesting date, and where a NED ceases to be a NED of the Company for any reason before vesting, the Performance Rights held by the NED will continue on their existing terms and vest on the allocated vesting date, unless the Board exercises a discretion to accelerate vesting. Any vested Performance Rights will continue to be exercisable in accordance with their terms.

No consideration is payable by the NED upon the allocation of Shares following exercise of their Performance Rights if the rights vest in accordance with their terms.

### **Additional information**

The Company provides the following additional information in respect of the proposed grant of equity to current NEDs under the Performance Rights Plan for FY2018, FY2019 and FY2020.

- The maximum number of securities that may be acquired by current and future NEDs cannot be precisely calculated as it depends on:
  - the amount a NED elects to sacrifice of their director fees to acquire Performance Rights;
  - the Share price at the time when Performance Rights are granted to NEDs; and
  - the number of NEDs in office from time to time.
- There have been no prior awards made to NEDs under the Performance Rights Plan.
- All current NEDs, being Steven Cole (subject to his re-election to office at the 2017 AGM), David Reed, Natalia Streltsova and Doug Ritchie, are entitled to participate in the PRP.
- No loans will be made available in relation to the acquisition of Performance Rights or any shares issued under the Performance Rights Plan.
- Details of any shares issued to NEDs under the Performance Rights Plan will be published in each annual report of the Company relating to a period in which securities have been issued and that approval for the issue of securities was obtained under Listing Rule 10.14.
- If Resolution 5 is approved, it is anticipated that NEDs will be able to participate in the PRP from the time Shareholder approval is granted. New shares will only be issued under the PRP for NEDs up until 24 November 2020, unless Shareholder approval for the issue of securities to NEDs under the PRP is refreshed prior to that date.
- If approval is given by Shareholders under Listing Rule 10.14, approval will not be required under Listing Rule 7.1.

If approval is given by Shareholders under Listing Rule 10.14, any securities issued to a NED will not be calculated as a “directors’ fee” for the purposes of the total agreement amount of Directors fees payable in accordance with Listing Rule 10.17.

### **Recommendation of Directors**

Mr Christopher Reed, as the sole remaining Board member who is not a NED, recommends that Shareholders vote in favour of Resolution 5. The NEDs have an interest in the outcome of Resolution 5 and therefore decline to make any recommendation in relation to Resolution 5.

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

## 7. Adoption of Remuneration Report

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### ***Resolution 6 – Adoption of Remuneration Report***

The Remuneration Report for the financial year ended 30 June 2017 is set out in the 2017 Annual Report.

The Remuneration Report sets out the Company's remuneration arrangements for all Directors and certain other executives.

Section 250R(2) of the Corporations Act requires the Annual General Meeting to include a vote on the adoption of the Remuneration Report. Pursuant to section 250R(3) of the Corporations Act, the vote on the resolution is advisory only and does not bind the Directors or the Company. However, the Directors take the discussion at the meeting and the outcome of the vote into account when considering the Company's remuneration practices.

Section 250SA of the Corporations Act requires that a reasonable opportunity be allowed to Shareholders at the Annual General Meeting to ask questions about, or make comments on, the Remuneration Report.

If at least 25% of the votes cast on Resolution 6 are voted against adoption of the Remuneration Report at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution proposing that another general meeting be held within 90 days, at which all of the Company's Directors (other than the Managing Director) would go up for re-election.

#### **Recommendation of Directors**

The Directors encourage all Shareholders to vote on Resolution 6.

The Chairman intends to vote all available proxies in favour of Resolution 6.

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## APPENDIX 1 SUMMARY OF RULES OF PRP

1. The Board may determine which persons are eligible to receive grants of performance rights under the PRP and may invite eligible persons to participate in the PRP and be granted a number of Performance Rights on terms and conditions specified by the Board. In particular, the PRP may be extended to employees (**Employee Participants**) and Non-Executive Directors (**NEDs**).
2. Performance Rights will not be quoted and will not be transferable except with the Board's consent or by force of law upon the participant's death.
3. Performance Rights confer on the participant no rights to vote, attend meetings, participate in a distribution or profit or a return of capital or any other participant rights or entitlements.
4. In general, Performance Rights vest when the applicable performance hurdles and vesting conditions are satisfied. Any Performance Right that does not vest as at the vesting date will be forfeited immediately.
5. On vesting of a Performance Right, the Performance Right will become exercisable for 12 months from the date of vesting. For some Performance Rights, the Board may approve an automatic exercise of such a Performance Right at a specified time or event.
6. On exercise of a Performance Right, the Company will either issue or transfer to the participant a share in the Company, unless the Board, in its discretion, determines to satisfy the entitlement through a cash payment in lieu of the allocation of Shares.
7. The Company will apply for quotation on ASX of any shares issued under the PRP. Any shares issued under the PRP will rank equally with those traded on ASX at the time of issue, except as regards any rights attaching to shares by reference to a record date prior to the date of allotment.
8. Participants must ensure that any trading in shares issued on vesting of Performance Rights is in compliance with the Company's Securities Trading Policy, and in compliance with any restrictions imposed by the Board in their discretion.
9. Where, in the opinion of the Board, an Employee Participant acts fraudulently or dishonestly or is in breach of their obligations to the Company or a Related Body Corporate, the Board may deem any unvested Performance Rights to be forfeited and any shares issued on vesting of performance rights to be forfeited.
10. Where a NED ceases to hold office, any vested but unexercised Performance Rights held by the NED may still be exercised.
11. Upon an Employee Participant ceasing to be an employee of the Company or a Related Body Corporate by reason of death, disability, bona fide redundancy or other reason approved by the Board:
  - (a) if at that time the participant continues to satisfy any other relevant conditions of the grant the Board may determine the extent to which Performance Rights held by the participant vest (and if no determination is made by the Board all Performance Rights held by the participant will be forfeited); and
  - (b) any vested but unexercised Performance Rights must be exercised within the later of 90 days following cessation of employment or vesting as relevant. Performance Rights not exercised within this period will lapse.
12. Upon an Employee Participant ceasing to be an employee of the Company or a Related Body Corporate for any other reason, all Performance Rights held by the participant are forfeited.
13. In the event of a takeover bid for the Company:
  - (a) any performance rights granted to a participant will vest where, in the Board's absolute discretion, pro rata performance is in line with the performance conditions applicable to those performance rights (any Performance Right in which the Board does not make such a determination or which the Board determines does not vest will automatically be forfeited); and



- (b) unless the Board determines otherwise, all vested but unexercised Performance Rights will be exercisable for a period of 30 days from the date of the takeover bid and will lapse if not exercised within that period.
14. In the event of a court-ordered arrangement or compromise, compulsory acquisition following a takeover bid or the winding up of the Company:
- (a) the Board may, in its absolute discretion, determine that some or all of a participant's performance rights vest if pro rata performance is in line with the performance conditions applicable to those performance rights (if no determination is made or if the Board determines that some or all of a Participant's Performance Rights do not vest, those Performance Rights will automatically be forfeited); and
- (b) unless the Board determines otherwise, all vested but unexercised Performance Rights will be exercisable for a period of 30 days from the date of the relevant event and will lapse if not exercised within that period.
15. If shares in the Company are issued under a bonus issue or there is a reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, the number or the amount (if any) payable on vesting or both of performance rights to which a participant is entitled will be adjusted by the Board to ensure that no advantage or disadvantage accrues to the participant.
16. The Board may amend or add to any of the rules of the PRP or the terms and conditions of any performance rights granted under the PRP, subject to certain restrictions.
17. The Board may establish a trust for the purpose of acquiring and holding shares issued on vesting of a performance right.

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Nm


# Neometals


ABN 89 099 116 631

NMT

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Lodge your vote:

 **Online:**  
www.investorvote.com.au

 **By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) www.intermediaryonline.com

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form

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### Vote and view the annual report online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

### Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

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



 **For your vote to be effective it must be received by 3:00pm (Western Standard Time) Wednesday, 22 November 2017**

### How to Vote on Items of Business

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

#### Appointment of Proxy

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

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

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

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

### Signing Instructions for Postal Forms

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

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** →

This Document is printed on Greenhouse Friendly™ ENVI Laser Carbon Neutral Paper

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Neometals Ltd hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Neometals Ltd to be held at the Parmelia Hilton, 14 Mill Street, Perth, Western Australia on Friday, 24 November 2017 at 3:00pm (Western Standard Time) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 2, 3, 4, 5 and 6 (except where I/we have indicated a different voting intention below) even though Resolutions 2, 3, 4, 5 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 2, 3, 4, 5 and 6 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

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

		For	Against	Abstain
Resolution 1	Election of Director - Steven Cole	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of the Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of previous grants of Performance Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of grant of Performance Rights to Christopher Reed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of grant of Performance Rights to Non-Executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /