



Notice of General Meeting and Explanatory Memorandum

Metro Mining Limited ACN 117 763 443

Date of Meeting: Monday, 29 May 2017
Time of Meeting: 2:00 PM (Brisbane time)
Place of Meeting: HopgoodGanim Lawyers
Level 7 Waterfront Place
1 Eagle Street
Brisbane QLD 4000

Notice of Meeting

Notice is hereby given that a General Meeting of shareholders of **Metro Mining Limited ACN 117 763 443 (Metro Mining or Company)** will be held on Monday, 29 May 2017 at the offices of HopgoodGanim Lawyers, Level 7 Waterfront Place, 1 Eagle Street, Brisbane QLD 4000 commencing at 2:00 PM (Brisbane time).

Terms used in this Notice of Meeting are defined in Section 0 of the accompanying Explanatory Memorandum.

The Explanatory Statement and the Proxy Form accompanying this Notice of Meeting are incorporated in and comprise part of this Notice of Meeting.

Agenda

The agenda for the meeting is as follows:

1. Opening of meeting.
2. Ratification of previous issues of Securities (see **Resolution 1**).
3. Issue of Options and Performance Rights to Managing Director (see **Resolution 2**).
4. Issue of Shares under new Employee Incentive Plan (see **Resolution 3**).
5. Other business.
6. Close of meeting.

Notice of Meeting

Ordinary business

1. Resolution 1: Ratification of previous issue of Securities

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

“That in accordance with the provisions of Listing Rule 7.4, and for all other purposes, the Shareholders ratify the previous issue of:

- (a) 120,470,766 Shares under the Company’s Listing Rule 7.1 capacity;*
- (b) 4,000,000 Options under the Company’s Listing Rule 7.1 capacity; and*
- (c) 53,746,302 Shares under the Company’s Listing Rule 7.1A capacity,*

*to exempt investors under Section 708 of the Corporations Act (**Placees**) on such terms as described in the Explanatory Memorandum accompanying this Notice of Meeting”*

Voting exclusion statement

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

- (a) the Placees; and
- (b) any associate of the Placees.

However, the Company need not disregard a vote if:

- (c) 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
- (d) 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.

2. Resolution 2 – Issue of Options and Performance Rights to the Managing Director, Mr Simon Finnis, under Chapter 2E of the Corporations Act and LR 10.11

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

“That in accordance with Listing Rule 10.11 and for the purposes of Part 2E of the Corporations Act and for all other purposes the Company be authorised to issue:

- (a) 545,000 Options exercisable at \$0.137 per Option and expiring on 7 April 2019; and*
- (b) 814,348 Performance Rights,*

to the Managing Director, Mr Simon Finnis, who is a Related Party of the Company as described in the Explanatory Memorandum.”

A copy of this Notice of Meeting and the accompanying Explanatory Memorandum has been lodged with the Australian Securities & Investments Commission in accordance with section 218 of the Corporations Act. Terms used in this Notice of Meeting are defined in Section 0 of the accompanying Explanatory Memorandum.

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Voting Exclusion Statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by:

- (a) Simon Finnis; and
- (b) Any associate of Simon Finnis.

However, the Company need not disregard a vote if:

- (c) It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions in the proxy form; or
- (d) 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.

3. Resolution 3 – Approval to issue securities under the Employee Share Option Plan

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

“That, for the purposes of Exception 9 of Listing Rule 7.2 and for all other purposes, the Company is authorised to issue securities under the Employee Incentive Plan (EIP) as an exception to Listing Rules 7.1 and 7.1A, on the terms and conditions described in the Explanatory Memorandum.”

Terms used in this Notice of Meeting are defined in Section 0 of the accompanying Explanatory Memorandum.

Voting Exclusion Statement

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

- (a) a Director who is eligible to participate in the EIP; and
- (b) any associate of such a Director.

However, the Company need not disregard a vote if:

- (c) 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
- (d) 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 Restriction pursuant to Section 250BD of the Corporations Act

As Resolution 3 is a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company (or, if the Company is a consolidated entity, for the entity), pursuant to section 250BD of the Corporations Act, a vote on Resolution 3 must not be cast by:

- (a) any member of the Key Management Personnel for the Company (or, if the Company is a consolidated entity, for the entity); or
- (b) a Closely Related Party of such Key Management Personnel, who is appointed as a Shareholder’s proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on the Resolution.

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However, the Company need not disregard a vote on this Resolution 3 if it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, where the Shareholder does not specify in writing the way the proxy is to vote on the Resolution, on the condition that the appointment of proxy expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, of the entity.

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 the Resolutions the subject of this Meeting, including Resolution 3, subject to compliance with the Corporations Act.

General business

To consider any other business as may be lawfully put forward in accordance with the Constitution.

By order of the board



Scott Waddell
Company Secretary

27 April 2017

Explanatory Memorandum

1. Introduction

The following information is provided to Shareholders of Metro Mining Limited ACN 117 763 443 (**Metro Mining or Company**) in connection with the business to be considered at the General Meeting of Shareholders to be held at the offices of HoggoodGanim Lawyers, Level 7 Waterfront Place, 1 Eagle Street, Brisbane QLD 4000 on Monday, 29 May 2017, commencing at 2:00 PM (Brisbane time).

The Notice of Meeting, which is also enclosed, sets out details of proposals concerning the Resolutions to be put to Shareholders.

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 0.

ORDINARY BUSINESS

2. Resolution 1 – Ratification of previous issues of Securities

2.1 Securities issued by the Company in the previous 12 months

In the previous 12-months the Company has issued securities without Shareholder approval as set out below. These securities were issued within the capacity of the Company to issue not more than 15% of its capital in any 12-months period without Shareholder approval under Listing Rule 7.1.

Pursuant to Resolution 1, the Company is seeking the ratification by the Shareholders of the issue of the securities noted below.

2.2 Listing Rule 7.4 – Ratification of issue of Securities

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new shares equivalent in number to more than 15% of its capital in any 12-month period without the prior approval of its shareholders. Securities issued with shareholder approval under ASX Listing Rule 7.1 do not count towards the 15% limit.

Listing Rule 7.1A allows a company to seek approval from its shareholders at an annual general meeting to have the ability to issue securities equal to 10% (in addition to its 15% capacity in Listing Rule 7.1) of its capital. Securities issued under Listing Rule 7.1A and ratified by shareholder approval do not count towards the 10% additional capacity under Listing Rule 7.1A.

ASX Listing Rule 7.4 provides that an issue of securities made without prior approval under ASX Listing Rule 7.1 and Listing Rule 7.1A can be treated as having been made with that approval if shareholders subsequently approve it.

In accordance with Listing Rule 7.4, Shareholder approval is sought under Resolution 1 to ratify the issue of the securities set out below.

If Resolution 1 is approved it will have the effect of refreshing the Company's ability to issue up to a further 15% of its capital under Listing Rule 7.1 and the additional 10% of its capital under Listing Rule 7.1A during the next 12 months without the need to obtain further Shareholder approval.

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2.3 Listing Rule Information

For the purposes of Listing Rule 7.5:

(a) **Shares issued under the Company's Listing Rule 7.1 capacity (including issue price and use or intended use of funds raised)**

- (1) 477,749 Shares:
 - (A) Shares issued for nil cash consideration in lieu of outstanding fees of \$59,002 for marketing services provided by a contractor
 - (B) Deemed price of \$0.1235 per Share;
- (2) 26,063,956 Shares:
 - (A) Issued at \$0.145 cents per Share;
 - (B) No funds raised, Shares issued as scrip consideration for the acquisition of shares in Gulf Alumina Limited pursuant to the offer terms set out in the Supplementary Offer Booklet dated 7 December 2016;
- (3) 50,000 Shares:
 - (A) Issued at \$0.145 cents per Share;
 - (B) No funds raised, Shares issued as scrip consideration for the acquisition of shares in Gulf Alumina Limited pursuant to the offer terms set out in the Supplementary Offer Booklet dated 7 December 2016;
- (4) 11,219,925 Shares:
 - (A) Issued at a deemed issue price of \$0.1517 per Share;
 - (B) No funds raised, Shares issued as scrip consideration for the acquisition of shares in Gulf Alumina Limited pursuant to agreement to acquire Gulf Alumina shares;
- (5) 9,409,501 Shares:
 - (A) Issued at \$0.1325 per Share;
 - (B) Funds raised to be used for the development of the Bauxite Hills Mine and working capital purposes;
- (6) 73,249,635 Shares:
 - (A) Issued at \$0.125 per Share;
 - (B) The gross proceeds will be used to fund:
 - (i) Purchase of long lead time items required for the Bauxite Hills Mine;
 - (ii) Environmental bonds and expenses required to commence early works for the Bauxite Hills Mine;

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(iii) Completion of the bankable feasibility study and to obtain final project approvals for the Bauxite Hills Mine; and

(iv) Partial repayment of the outstanding balances of the bridging loan facilities provided by cornerstone investors Greenstone and the Baffle Box Mining Trust.

(b) **Options issued under the Company's Listing Rule 7.1 capacity**

4,000,000 unlisted Options;

(1) Exercise price of \$0.08 per Option expiring on 23 December 2019;

(2) No funds raised from the issue of Options;

(c) **Shares issued under the Company's Listing Rule 7.1A capacity (including issue price and use or intended use of funds raised)**

53,746,302 Shares:

(1) Issued at \$0.125 per Share;

(2) The gross proceeds will be used to fund:

(A) Purchase of long lead time items required for the Bauxite Hills Mine;

(B) Environmental bonds and expenses required to commence early works for the Bauxite Hills Mine;

(C) Completion of the bankable feasibility study and to obtain final project approvals for the Bauxite Hills Mine; and

(D) Partial repayment of the outstanding balances of the bridging loan facilities provided by cornerstone investors Greenstone and the Baffle Box Mining Trust.

(d) **Terms of the Securities**

The Shares issued rank parri passu with all other fully paid ordinary shares on issue in the Company.

(e) **Names of the persons to whom the Securities were issued or the basis upon which those persons were determined**

The Shares were issued to exempt investors under Section 708 of the Corporations Act.

(f) **Voting Exclusion Statement**

A voting exclusion statement is included in the Notice of Meeting for Resolution 1.

(g) **Effect of approval of Resolution 1 for the Company's 15% capacity under Listing Rule 7.1 and additional 10% capacity under Listing Rule 7.1A**

By approving Resolution 1 and ratifying of the previous issue of:

(1) 120,470,766 Shares and 4,000,000 Options to those persons noted above will permit the Company to rely on Listing Rule 7.1 to raise further capital (if required) by issuing further Securities not exceeding 15% of the Company's capital in accordance with Listing Rule 7.1;

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- (2) 53,746,302 Shares to those persons noted above will permit the Company to rely on Listing Rule 7.1A to raise further capital (if required) by issuing further Securities not exceeding 10% (in addition to its 15% capacity under Listing Rule 7.1) of the Company's capital in accordance with Listing Rule 7.1A.

Each of the Directors believe that the entry into and performance by the Company of the transaction documents which underpin the investment by Greenstone in the Company is in the best interests of Shareholders as a whole. The Directors recommend that you vote in favour of Resolution 1 and each of the Directors intends to vote any Shares they own or control in favour of Resolution 1.

3. Resolution 2: Issue of Options and Performance Rights to Managing Director under Chapter 2E of the Corporations Act and LR 10.11

3.2 Background

The Company is seeking approval for the issue of Options to the Directors in accordance with Listing Rule 10.11 and Part 2E of the Corporations Act. As approval is being sought under Listing Rule 10.11, approval will not be required under Listing Rule 7.1.

3.3 Terms

The Company proposes to issue to the Managing Director the following Options and Performance Rights:

- (a) 545,000 Options exercisable at \$0.137 per Option expiring on 7 April 2019; and
- (b) 814,348 Performance Rights vesting on 31 January 2018 and expiring two months after vesting.

Other than the terms set out above, the Options and Performance Rights to be issued to the Managing Director will be as per the EIP, the terms of which are summarised in Schedule 1.

3.4 Relevant Legislation - Chapter 2E of the Corporations Act, Listing Rule 10.11 and Listing Rule 7.1

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a Financial Benefit to a Related Party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met (**Shareholder Approval Exception**).

A "Related Party" is defined widely in section 228 of the Corporations Act and includes, relevantly, a director (or proposed director) of a public company, any entity that controls (or is reasonably likely to control) a public company, and any entity that is controlled by a person or entity which is otherwise a Related Party, or there are reasonable grounds to believe that a person/entity is likely to become a Related Party of the public company.

A "Financial Benefit" for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the Related Party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

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Listing Rule 10.11

Listing Rule 10.11 requires that an entity must obtain the approval of Shareholders to issue Securities to a Related Party and in doing so must provide the information specified in Listing Rule 10.13, unless an exception applies.

Listing Rule 7.1 - Issues exceeding 15% of capital

Listing Rule 7.1 prohibits a listed company, except in certain cases, from issuing in any 12-month period new Equity Securities equivalent in number to more than 15% of the total number of ordinary securities on issue at the beginning of the twelve month period (**15% Capacity**) without the prior approval of a majority of disinterested shareholders, or the issue otherwise comes within one of the exceptions to Listing Rule 7.1 (**15% Rule**).

However, under Listing Rule 7.2 (Exception 14), if approval is being sought under Listing Rule 10.11, approval will not be required under Listing Rule 7.1. Therefore, the issue of the Options to the Directors under Resolutions 6 to 11 (inclusive), if passed, will not count towards the Company's 15% Capacity under Listing Rule 7.1.

3.5 Shareholder Approval Requirement

Resolution 2, if passed, will confer financial benefits and involve the issue of Options and Performance Rights to the Managing Director, Mr Simon Finnis, being a Related Party of the Company.

Therefore, the Company seeks to obtain Shareholder approval in accordance with the requirements of Chapter 2E of the Corporations Act and Listing Rule 10.11.

As approval is being sought under Listing Rule 10.11, in accordance with Listing Rule 7.2 (Exception 14) approval will not be required under Listing Rule 7.1. Therefore, the issue of the Options and Performance Rights to Mr Finnis under Resolution 2 will not count towards the Company's 15% Capacity under Listing Rule 7.1.

3.6 Information for Shareholders

Chapter 2E of the Corporations Act

For the purposes of Chapter 2E of the Corporations Act and for all other purposes the following information is provided to shareholders:

(c) **The Related Party to whom Resolution 2 would permit the financial benefit to be given (section 219(1)(a))**

The proposed financial benefit will be given to Mr Simon Finnis who is the Managing Director of the Company and therefore a Related Party.

(d) **The nature of the financial benefit (section 219(1)(b))**

The nature of the proposed financial benefit to be given is the issue to Mr Finnis of:

- (1) 545,000 Options exercisable at \$0.137 per Option expiring on 7 April 2019; and
- (2) 814,348 Performance Rights vesting on 31 January 2018 and expiring on the same date.

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(e) **Directors' Recommendation (section 219(1)(c))**

With respect to Resolution 2, Messrs Everett, Hennessy, Ward, Lloyd, Liu and Wang recommend that Shareholders vote in favour of Resolution 2. The Directors (with the exception of Mr Finnis) have formed the view that Resolution 2 be put to Shareholders for the following reasons:

- (1) the grant of the Options and Performance Rights as proposed to Mr Finnis will provide him with reward and incentive for future services he will provide to the Company to further the progress of the Company;
- (2) the Options and Performance Rights are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (3) in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, the Directors (with the exception of Mr Finnis) considered that the incentive provided a cost effective and efficient incentive as opposed to alternative forms of incentives (e.g. cash bonuses, increased remuneration). However, it must be recognised that there will be an opportunity cost to the Company, being the potentially dilutionary impact of the issue of Shares on the exercise of the Options and conversion of the Performance Rights.

As Mr Finnis is interested in the outcome of Resolution 2, he accordingly makes no recommendation to Shareholders in respect of this resolution.

(f) **Managing Directors' Interest and other remuneration (section 219(1)(d))**

Mr Finnis has a material personal interest in the outcome of Resolution 2, as it is proposed that Options and Performance Rights be issued to him.

Excluding the Options and Performance Rights to be issued to Mr Finnis pursuant to Resolution 2, Mr Finnis (and entities associated with him) holds 2,607,143 Shares and 1,047,493 Options in the Company:

Other than the Options and Performance Rights to be issued to Mr Finnis pursuant to Resolution 2 and any other cash incentives approved by the Remuneration Committee, Mr Finnis shall receive remuneration of \$350,000 per annum (excluding superannuation) per annum (total cost to the Company) from the Company for his services as the Managing Director.

(g) **Valuation**

The Options and Performance Rights are not currently quoted on the ASX and as such have no market value. The Options and Performance Rights each grant the holder on exercise of each Option and each Performance Right a right to one ordinary Share in the Company. Accordingly, the Options and Performance Rights may have a present value at the date of their grant.

Various factors impact upon the value of Options and Performance Rights including:

- (1) the period outstanding before the expiry date of the Options and Performance Rights;
- (2) the underlying price or value of the securities into which they may be converted;
- (3) the proportion of the issued capital as expanded consequent upon the exercise of the Options and conversion of the Performance Rights and the issue of the resultant Shares (i.e. whether or not the Shares that might be acquired upon exercise of the Options and conversion of the Performance Rights represent a controlling or other significant interest); and

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- (4) the value of the resultant shares on the exercise of the Options and conversion of the Performance Rights.

There are various formulae which can be applied to determining the theoretical value of options (including the formula known as the Black-Scholes Model valuation formula and the Monte Carlo simulation).

The Company has commissioned an independent valuation of the Options and Performance Rights, for the purposes of disclosing to Shareholders such information required to decide whether or not it is in the Company's interest to pass Resolution 2 and disclosing expenses in the Company's Financial Statements in accordance with AASB 2 Share Based Payments, using the Black-Scholes Model, which is the most widely used and recognised model for pricing options. The value of an option calculated by the Black-Scholes Model is a function of the relationship between a number of variables, being the price of the underlying Share at the time of issue, the exercise price, the time to expiry, the risk-free interest rate, the volatility of the Company's underlying Share price and expected dividends.

Inherent in the application of the Black-Scholes Model are a number of inputs, some of which must be assumed. The data relied upon in applying the Black-Scholes Model was:

- (1) in respect of the Options:
 - (A) the exercise price of the Options being \$0.137 each;
 - (B) a market price of Shares of \$0.145;
 - (C) expiry date of 7 April 2019;
 - (D) a volatility measure of 85.748%;
 - (E) a risk-free interest rate of 1.74%; and
 - (F) a dividend yield of 0%,
- (2) in respect of the Performance Rights:
 - (A) the exercise price of each Performance Right being nil;
 - (B) a market price of Shares of \$0.145;
 - (C) vesting date and expiry date of 31 January 2018;
 - (D) a volatility measure of 85.748%;
 - (E) a risk-free interest rate of 1.71%; and
 - (F) a dividend yield of 0%.

Based on the independent valuation of the Options and Performance Rights, the Company agrees that the total value of the Options and Performance Rights to be issued to Mr Finnis under Resolution 2 are as follows:

- (1) Options: \$37,980;
- (2) Performance Rights: \$122,500.

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- (h) **Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors (section 219(1)(e) and 219(2))**

There is no other information known to the Company or any of its Directors save and except as follows:

Market Price movements:

The Options and Performance Rights valuation noted above is based on a market price per Share of \$0.145 which is the closing trading price on 4 April 2017 which is the Trading Date immediately before the valuation was carried out.

There is a possibility that the market price of the Shares will change up to the date of the General Meeting.

Trading history

In the 12 months prior to 4 April 2017, the Company's trading history is as follows:

- the highest trading price was \$0.17 on 8 February 2017;
- the lowest trading price was \$0.06 on 8 April 2016; and
- The VWAP per Share over the 12-month period prior to 4 April 2017 was \$0.14.

The trading price of the Shares on the close of trading on 21 April 2017 (being the last trading day before this Notice of Meeting was approved for printing) was \$0.145.

Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Options and Performance Rights is the potentially dilutionary impact on the issued share capital of the Company. To the extent that the dilutionary impact caused by the issue of Options and Performance Rights will be detrimental to the Company, this is considered to be more than offset by the advantages accruing from the Company securing the services of experienced and skilled Directors on appropriate incentive terms.

Taxation Consequences

No stamp duty will be payable in respect of the grant of the Options and Performance Rights. No GST will be payable by the Company in respect of the grant of the Options and Performance Rights (or if it is then it will be recoverable as an input credit).

AASB 2 – Share Based Payment, requires that reporting entities must recognize services acquired in a share-based payment transaction as the services are received. The issue of Options and Performance Rights is in return for services provided to the Company therefore these services are to be recognised.

The value of the services acquired by the Company is to be measured at the fair value of the equity instrument granted, where fair value of the services provided cannot be estimated reliably. As the issue of Options and Performance Rights is in consideration of future services, the fair value of the services cannot be reliably measured. As such, the value of the Options and Performance Rights to be issued needs to be used as the reliable measurement of the services provided.

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As the Options and Performance Rights will not be listed on the ASX and will not be tradeable, the market value of the Options cannot be readily determined from any sales data. Therefore, an option pricing model is necessary to provide a value for the Options and Performance Rights to be issued.

Dilutionary Effect

The effect that the issue of the Shares on the exercise of the Options and Performance Rights (assuming that the conversion is effected), that none of the existing options on issue in the Company have been exercised and no other Shares are issued, is as follows:

	Current		Post Share Issue on exercise of all of Mr Finnis' Options and Performance Rights	
	Securities	Percentage	Securities	Percentage
Ordinary shares - Current Shareholders (excluding Mr Finnis)	1,001,415,033	99.74%	1,001,415,033	99.50%
Ordinary shares held by Mr Finnis	2,607,143	0.26%	5,013,984	0.50%
Total ordinary shares	1,004,022,176	100%	1,006,429,017	100%
Unquoted Options held by Mr Finnis	1,047,493			

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to the benefits contemplated by Resolution 2.

Listing Rule 10.13

For the purposes of Listing Rule 10.13 and for all other purposes the following information is provided to Shareholders:

(a) **10.13.1 and 10.13.4: Name and relationship of the Related Party**

The Related Party is Mr Simon Finnis who is the Managing Director of the Company.

(b) **10.13.2: Maximum Number of Securities to be issued (if known) or the formula for calculating the number of Securities to be issued**

The maximum number of Equity Securities to be issued are as follows:

- (1) 545,000 Options; and
- (2) 814,348 Performance Rights.

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(c) **10.13.3: Date by which the Securities will be issued**

The Company will issue the Options and Performance Rights as soon as possible but in any event within one month following this Meeting.

(d) **10.13.4: Issue price and terms of the Securities**

(1) The Options will:

(A) be exercisable at \$0.137 per Option; and

(B) expire on 7 April 2019.

(2) The Performance Rights:

(A) will be issued for nil consideration; and

(B) vest on 31 January 2018.

The remainder of the terms of the Options and Performance Rights to be issued to Mr Finnis will be as per the terms set out in the EIP, a summary of which is set out in Schedule 1. Any Shares issued as a result of the exercise of the Options and conversion of the Performance Rights will rank pari passu with all of the other fully paid ordinary shares on issue in the Company.

(e) **10.13.6A: Intended use of funds raised**

No funds are being raised by the issue of the Options and Performance Rights to Mr Finnis.

(f) **10.13.6: Voting exclusion statement**

The relevant voting exclusion statement is set out in Resolution 2 in the Notice of Meeting.

4. Resolution 3 – Approval to issue securities under the Employee Incentive Plan

4.1 Introduction

The Directors have resolved to adopt the Company's Employee Incentive Plan (**EIP**). A summary of the terms of the EIP is set out in Schedule 2.

The Board's objective for employee remuneration has been a reward framework that ensures reward for performance is competitive and appropriate for the results delivered. The framework aligns employee reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward. The Board ensures that employee reward satisfies the following key criteria for good reward governance practices:

- (a) competitiveness and reasonableness;
- (b) acceptability to shareholders;
- (c) performance linkage/alignment of executive compensation;
- (d) transparency; and
- (e) capital management.

The Board has structured an employee remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

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A summary of the terms and conditions of the EIP is contained in Schedule 1 to this Explanatory Memorandum.

Under Resolution 3, the Company is seeking Shareholder approval to issue securities in the future under the EIP as an exception to Listing Rules 7.1 and 7.1A.

3.7 Listing Rules 7.1

Listing Rule 7.1, also known as the “15% rule”, limits the capacity of a company to issue Equity Securities without the prior approval of its shareholders. In broad terms, Listing Rule 7.1 provides that a company may not, in any 12 month period, issue Equity Securities equal to more than 15% of the total number of ordinary securities on issue at the beginning of the 12 month period unless the issue is first approved by a majority of disinterested shareholders or the issue otherwise comes within one of the exceptions to Listing Rule 7.1 (**15% Capacity**).

3.8 Exception 9 of Listing Rule 7.2

An exception to Listing Rules 7.1 exists for issues under employee incentive schemes such as the EIP. If the exception applies, then securities issued under the EIP will not count towards the Equity Securities that the Company may issue as part of its 15% Capacity.

Pursuant to Exception 9 of Listing Rule 7.2, Shares, Options and Performance Rights (and resultant Shares as a result of the exercise of the Options and Performance Rights) issued under the EIP will not fall within 15% Capacity if Shareholders have approved the employee incentive scheme within the last 3 years and the Notice of Meeting contains:

- (a) a summary of the terms of the EIP;
- (b) the number of securities issued under the Company's current employee share option plan since the date of the last approval; and
- (c) a voting exclusion statement.

3.9 Approval to issue securities under the EIP

Shareholder approval of the EIP is required under Exception 9 of Listing Rule 7.2 so that any issue of securities under the EIP (being Shares, Options and Performance Rights) over the next 3 years is disregarded when determining the 15% Capacity and Listing Rule 7.1A Capacity (if applicable).

For this purpose, in accordance with Exception 9 of Listing Rule 7.2, the Company advises that:

- (a) a summary of the terms and conditions of the EIP is contained in Schedule 1 to this Explanatory Memorandum;

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- (b) The following Options have been issued under the Company's current Employee Share Option Plan, which was last approved by shareholders on the 24 November 2015.

Recipient	Grant Date	Number of Options granted	Terms	Expiry
Directors	15/12/2015	2,500,000	Exercise price of \$0.137	14/12/2017
Managing Director	5/5/2016	1,047,493	Exercise price of \$0.027	05/05/2018
Total Options issued under ESOP since last Shareholder Approval		NIL		
Current unexpired unlisted Options on issue		3,547,493		

- (c) because Directors are eligible to participate in the EIP, a voting exclusion statement is included in the Notice of Meeting in relation to Directors and their associates.

3.10 Participation of Directors

Whilst Directors are eligible to participate under the provisions of the EIP, no Shares, Options or Performance Rights will be issued to Directors (or their nominees) unless further specific approval for the issue of those Options is obtained pursuant to the provisions of Listing Rule 10.14.

Due to a potential interest in the outcome of this Resolution 3, the Directors make no recommendation as to how you should vote on this Ordinary Resolution.

3.11 Voting restrictions

There are restrictions on voting on these resolutions by Directors and their associates and by Key Management Personnel and their Closely Related Parties. For additional details please refer to the Voting Exclusion Statements in Resolution 3 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 12, subject to compliance with the Corporations Act.

5. 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 2pm (Brisbane Time) on 27 May 2017. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Explanatory Memorandum

6. Interpretation

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

ASX means the ASX Limited.

Company means Metro Mining Limited ACN 117 763 443 (ASX: MMI).

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

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

Directors means the board of directors of the Company as at the date of the Notice of Meeting.

EIP means the Company's employee incentive plan subject to Resolution 3 and which is summarised in Schedule 1.

Equity Securities has the meaning given to that term in the Listing Rules.

Explanatory Memorandum means the explanatory statement accompanying this Notice.

Key Management Personnel has the definition given in the Accounting Standard AASB 124 *Related Party Disclosure* 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.

Meeting means the General Meeting to be held on Monday, 29 May 2017 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 option to acquire a Share in the Company.

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

Performance Right means a right to acquire a Share granted in accordance with the EIP or otherwise approved under Resolution 2.

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

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

Shareholder means a shareholder of the Company.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to:

Scott Waddell (Company Secretary):

Post: Attn: Scott Waddell
PO Box 10955
Brisbane Adelaide Street QLD 4000

Tel: +617 3009 8000
Fax: +617 3221 4811

Explanatory Memorandum

Schedule 1 - Summary of terms of EIP

The Company has established the EIP to assist in the retention and motivation of employees by providing them with the opportunity to acquire Shares, Options and Performance Rights.

The persons who are eligible to participate in the EIP are full-time or part-time employees of the Company, non-executive and executive directors of the Company, contractors who have entered into a contract with the Company for services to be provided by an individual and casual employees (**Eligible Participant**).

The EIP contains usual provisions dealing with matters such as the administration, variation, or termination of the plan.

Under the EIP the Company can offer the following securities:

Shares

- (a) The Board may make an offer of Shares to an Eligible Participant. In exercising this offer, the Board will specify the Eligible Participant, the number of Shares on offer, the current market price, the issue price of the Shares on offer, the date of the offer, the acceptance date and any other terms.
- (b) The Board may also offer and issue restricted shares under the EIP. Restricted shares may be subject to any terms and conditions imposing such restrictions. Upon the Share becoming an unrestricted share, all restrictions imposed pursuant to the EIP will lapse.

Options

- (a) The Board may make an offer of Options to Eligible Participants.
- (b) Options must be exercised so as to result in the allotment of a marketable parcel within the meaning of the Listing Rules provided that where the number of Options held has been adjusted from time to time in accordance with the terms and conditions of the EIP, the Options shall be exercised by the Eligible Participant so as to result in as near as possible a marketable parcel of Shares being created.
- (c) The number of Shares which may be acquired on the exercise of an option and the exercise price will be adjusted, as is appropriate, following any pro-rata rights issue, reconstruction or re-organisation of the issued ordinary capital of the Company.
- (d) Upon receipt of the notice exercising the Options and any payment the Board shall allot the shares to which the Eligible Participant is entitled subject to the provisions of the constitution of the Company.
- (e) Options and restricted shares may be transferred only when they are no longer subject to any restrictions.
- (f) Options will be exercisable at a price to be determined in the absolute discretion of the Board.
- (g) Quotation of Options on the ASX will not be sought. The Company will apply for quotation of Shares arising upon the exercise of Options.
- (h) Any offer Options which have not been exercised by the expiry of the option period shall lapse.
- (i) The Board may also offer and issue restricted options under the EIP. Restricted options may be subject to any terms and conditions imposing such restrictions.
- (j) Upon the Option becoming an Unrestricted Option, all restrictions imposed pursuant to the EIP will lapse.

Explanatory Memorandum

Performance Rights

- (a) The Board can make an offer of Performance Rights to Eligible Participants.
- (b) When making this offer, the Board will provide information in relation to the number of Performance Rights that can be applied for, maximum number of Shares that the participant is entitled to be issued, any applicable performance hurdles, when unvested performance rights will expire, the acceptance date and any other information required by law.
- (c) Performance Rights may be exercised in part or in whole.
- (d) Any offer of Performance Rights may be subject to performance hurdles as determined by the Company.
- (e) A Performance Right will not be granted unless the Hurdles have been satisfied and the Board has notified the Eligible Participant of that fact.
- (f) The Board may waive any performance hurdles or determine that all, or a portion, of the Performance Rights will vest due to a change of control event occurring or a resolution passed by a company for voluntary winding up, or an order is made for the compulsory winding up.
- (g) Performance Rights will lapse in circumstances where:
 - (1) the performance hurdles have not been satisfied;
 - (2) where a person ceases to an Eligible Participant;
 - (3) circumstances of fraud, dishonesty or other improper behavior;
 - (4) the Company undergoes a Change of Control event such as a winding up resolution or an order is made; or
 - (5) due to the expiry date of the Performance Right.
- (h) Performance Rights granted under the EIP will be issued for nil consideration, unless otherwise provided.
- (i) Performance Rights will not be quoted on the ASX, except to the extent provided for by the EIP.

An offer of Shares, Options or Performance Rights may be accepted by delivering the completed acceptance form by the acceptance date to the Company. In respect of an Offer of Shares or Options, the Eligible Participant must also provide payment (by way of cheque, electronic transfer or such other method of payment) of the exercise price during the relevant exercise period.

An Offer of Shares, Options or Performance Rights to an Eligible Participant is personal to that employee and is not assignable.

Upon termination of the employment of an Eligible Participant, the Company is not required to provide any benefit under the EIP. Any benefits required to be provided to a terminated Eligible Participant will be reduced to ensure compliance with the Corporations Act.

Shares issued on the exercise of the Options or Performance Rights will rank *pari passu* with all existing Shares of the Company from the date of issue.

Explanatory Memorandum

The maximum number of shares that may be offered to participants under the EIP will not exceed 5% of the total number of shares in that class on issue. If there is to be a re-organisation of the issued shares in the Company un-exercised Options will be re-organised in accordance with the requirements of ASX Listing Rules.

The above description is a summary only of the principal terms and conditions of the EIP. A copy of the EIP is available from the Company on request.



ABN 45 117 763 443

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
Metro Mining 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
Level 12, 680 George Street, Sydney NSW 2000

ALL ENQUIRIES TO
Telephone: 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Metro Mining 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

STEP 1

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 Extraordinary General Meeting of the Company to be held at **2:00pm on Monday, 29 May 2017 at the offices of HoggoodGanim Lawyers, Level 7 Waterfront Place, 1 Eagle Street, Brisbane QLD 4000 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and exchanged no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*
1 Ratification of previous issues of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Issue of Options and Performance Rights to Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Issue of Securities under new Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 2

i * 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, all shareholders must 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).

STEP 3

MMI PRX1701A



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.

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, all shareholders must 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" should 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 **2:00pm on Monday, 27 May 2017**, 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) as shown on the front of the Proxy Form).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Metro Mining 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*
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 EXTRAORDINARY GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**