

Notice of Annual General Meeting 2017



Latrobe Magnesium Limited

ABN 52 009 173 611

IMPORTANT INFORMATION

This document is important. Please read it carefully and if you require assistance, consult your legal or financial adviser.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 2017 Annual General Meeting of Latrobe Magnesium Limited (“Company”) will be held at the offices of Nexia Australia, Level 16, 1 Market Street, Sydney, NSW 2000 on Friday 17 November 2017 at 11.00 am.

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the financial report of the Company for the financial year ended 30 June 2017 together with the Directors’ Report, Directors’ Declaration and the Auditors’ Report.

Resolution 1 - Adoption of Remuneration Report

To consider and, if thought fit, pass with or without amendment the following resolution as a non-binding resolution:

“That for the purposes of section 250R(2) of the Corporations Act and for all other purposes approval is given for the adoption of the remuneration report as in the Company’s Annual Financial Report for the financial year ended 30 June 2017.”

The Audited Remuneration Report is set out on pages 13 to 14 of the Directors’ Report contained in the 2017 Annual Report. In accordance with section 250R(3) of the Corporations Act, the votes cast in respect of the Resolution are advisory only and do not bind the Company.

Voting exclusion statement

The Company will disregard any votes cast on Resolution 1 (in any capacity whether as proxy or as shareholder) by any of the following persons:

- (a) any member of the key management personnel, details of whose remuneration are included in the remuneration report (Key Management Personnel); and
- (b) a closely related party of Key Management Personnel.

However, the Company need not disregard a vote if it is;

- (c) cast by a person as a proxy appointed in accordance with the directions of the proxy form that specifies how the proxy is to vote on Resolution 1; and the vote is not cast on behalf of a person described in subparagraphs (a) and (b) above; or
- (d) cast by the chair of the Meeting as proxy appointed in accordance with the directions of the proxy form for a person who is entitled to vote, and such appointment on the proxy form expressly authorises the chair to exercise the proxy even if the resolution is connected directly with the remuneration report; and the vote is not cast on behalf of a person described in subparagraphs (a) and (b) above.

Resolution 2 - Re-election of P F Bruce as a Director

To consider and, if thought fit to pass with or without amendment, the following resolution as an ordinary resolution:

“That Philip Bruce, having retired from office as a Director in accordance with Article 12.2 of the Company’s constitution and being eligible, having offered himself for re-election, be re-elected as a Director of the Company.”

His background, experience and qualifications are detailed on pages 11 & 12 of the Directors’ Report contained in the 2017 Annual Report.

SPECIAL BUSINESS

Resolution 3 - Approval of 10% placement facility

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

"That for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of equity securities totalling up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the accompanying explanatory statement."

Voting exclusion statement

The Company will disregard any votes cast on Resolution 3 by any person who may participate in the 10% placement facility and any associate of such person and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if Resolution 3 is passed, and any associates of such persons.

However, the Company need not disregard a vote if:

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

In accordance with Listing Rule 14.11.1 and the relevant note under that rule concerning Listing Rule 7.1A, as at the date of this Notice of Meeting it is not known who may participate in the proposed issue (if any). On that basis, no security holders are currently excluded.

OTHER BUSINESS

To transact any other business which, in accordance with the Company's Constitution and the Corporations Act, may be legally brought before an Annual General Meeting.

By Order of the Board of Directors



J R Lee
Secretary

Dated 22 September 2017

The notice of meeting is accompanied by Explanatory Notes to shareholders which explains the purpose of the Meeting and the resolutions to be considered at the Meeting.

EXPLANATORY STATEMENT

This explanatory statement forms part of this Notice of Annual General Meeting and is intended to provide shareholders of Latrobe Magnesium Limited (“Company”) with sufficient information to assess the merits of the Resolutions to be considered at this Annual General Meeting.

The Directors recommend that shareholders read this Explanatory Statement in its entirety before making any decision in relation to the Resolutions. Should shareholders be in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Financial Statements and Reports

The Corporations Act requires that the Annual Report (which includes the Financial Report, Directors’ Report and Auditors’ Report) be laid before the Annual General Meeting. There is no requirement for shareholders to approve those reports.

Shareholders will be given an opportunity at the Annual General Meeting to ask questions and make comments on the Company’s reports and accounts and on the business and operations of the Company generally for the year ended 30 June 2017.

In accordance with amendments to the Corporations Act the Company is no longer required to provide a hard copy of the Company’s Annual Financial Report to shareholders unless a shareholder has specifically elected to receive a printed copy.

Shareholders may view the Company’s Annual Financial Report on the website under “Investor Information” section at www.latrobemagnesium.com.

Resolution 1 - Adoption of Remuneration Report

The Audited Remuneration Report of the Company for the financial year ended 30 June 2017 is set out in the Directors’ Report contained in the 2017 Annual Report on pages 13 to 14.

A reasonable opportunity will be provided for discussion on the Remuneration Report at the Annual General Meeting.

The Corporations Act 2001 requires listed company to put to a vote at its AGM a non binding resolution to shareholders to adopt the Remuneration Report. Under the legislation this vote will be advisory only and does not bind the Directors or the Company. However, the Board recognises the vote as an indication of shareholder sentiment and will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at this meeting when reviewing the Company’s remuneration policies.

If 25% or more of the votes casted are against the adoption of the Remuneration Report at two consecutive Annual General Meetings, a resolution must be put to the second of those Annual General Meetings (a “spill resolution”) requiring shareholders to vote on whether the Company must hold another general meeting (a “spill meeting”). If the spill resolution is approved by a simple majority of 50% or more votes casted, the “spill meeting” must be held within 90 days at which all of the Company’s Directors other than the Managing Director, must stand for re-election.

The remuneration levels for Directors, Officers and Senior Managers are competitively set to attract and retain appropriate Directors and key management personnel.

Resolution 2 - Re-election of Director

Philip Bruce retires in accordance with Article 12.2 of the Company’s constitution which provides that at each Annual General Meeting one third of the Directors must retire from office. The Directors to retire are those that have been longest in office since their last election or appointment. Being eligible Mr Bruce offers himself for re-election.

Details of his respective qualifications, experience, other directorships and security holdings in the Company are detailed in the Annual Report. Each of the Directors, with the exception of the Director being offered for re-election, recommend that shareholders vote in favour of Resolution 2.

Resolution 3 - Approval of 10% placement facility

1. General

Listing Rule 7.1A enables eligible entities to issue additional equity securities up to 10% of its issued share capital, based on the number of equity securities on issue 12 months before the issue date, through placements over the 12 months after the date of the annual general meeting at which the approval is obtained by special resolution of shareholders ("10% Placement Facility"). The 10% Placement Facility operates in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is, as at the date of the relevant special resolution passed for the purposes of Listing Rule 7.1A, not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue additional equity securities over the forthcoming 12 month period under the 10% Placement Facility.

The exact number of equity securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 2(c) below).

The purposes of any issue of shares pursuant to the additional capacity would be to fund the feasibility study, the construction of the magnesium plant and provide working capital.

2. Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue equity securities under the 10% Placement Facility is subject to shareholder approval by way of a **special resolution** at an annual general meeting.

(b) Equity securities

Any equity securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the Company.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of equity securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the issue date or date of agreement to issue:

- plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid shares that became fully paid in the 12 months;
- plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4.;
- less the number of fully paid shares cancelled in the 12 months.

Note that "A" has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are *not* issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue equity securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

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

(e) Minimum issue price

The issue price of the equity securities issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average price ("VWAP") for securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the equity securities are to be issued is agreed; or
- (ii) if the equity securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the equity securities are issued.

(f) 10% placement period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval of shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), or such longer period if allowed by ASX ("10% Placement Period").

3. Specific Information Required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, the following information is provided in relation to the approval of the 10% Placement Facility proposed to be established following passage of Resolution 3:

- (a) The equity securities will be issued at an issue price of not less than that specified in Listing Rule 7.1A.3, as described at paragraph 2(e), above.
- (b) Shareholders should be aware that there is a risk of economic and voting dilution of existing ordinary security holders that may result from an issue of equity securities under rule 7.1A.2, including the risk that:
 - (i) the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the approval under ASX Listing Rule 7.1A; and
 - (ii) the equity securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date, which may have an effect on the amount of funds raised by the issue of the equity securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table below also shows:

- (i) two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not

require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		\$0.0075 50% decrease in Issue Price	\$0.015 Issue Price	\$0.030 100% increase in Issue Price
Current Variable A 1,256,598, 818 shares	10% Voting Dilution Funds raised	125,659,882 shares \$942,449	125,659,882 shares \$1,884,898	125,659,882 Shares \$3,769,796
50% Increase in Current Variable A 1,884,898,227 shares	10% Voting Dilution Funds raised	188,489,823 shares \$1,413,674	188,489,823 shares \$2,827,347	188,489,823 Shares \$5,654,695
100% Increase in Current Variable A 2,513,197,636 shares	10% Voting Dilution Funds raised	251,319,764 shares \$1,884,898	251,319,764 shares \$3,769,796	251,319,764 Shares \$7,539,593

The table has been prepared on the following assumptions:

- i. The Company issues the maximum number of equity securities available under the 10% Placement Facility.
 - ii. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - iii. The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Facility, based on that shareholder's holding at the date of the meeting.
 - iv. The table shows only the effect of issues of equity securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - v. The issue of equity securities under the 10% Placement Facility consists only of shares on issue.
 - vi. The issue price is \$0.015, being the closing price of the Shares on ASX on 22 September 2017.
- (c) The Company will only issue and allot the equity securities during the 10% Placement Period. The approval under Resolution 3 for the issue of the equity securities will lapse after that period. It will also cease to be valid in the event the Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the equity securities for cash consideration. In such circumstances, the Company intends to use the funds raised to make payments towards the completion of its feasibility study, the construction of its magnesium plant and working capital.

In addition, the Company may seek to issue equity securities for non-cash consideration. In this instance, the equity securities will be issued to consultants in lieu of payment for services rendered in relation to the completion of the feasibility study, the construction of its magnesium plant and working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any equity securities.

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

- (i) the purpose of the issue;
- (ii) the effect of the issue of the equity securities on the control of the Company;
- (iii) the methods of raising funds that are available to the Company,
- (iv) a rights issue or other issue in which existing security holders can participate;

- (v) prevailing market conditions;
- (vi) the financial situation and solvency of the Company; and
- (vii) advice from corporate, financial and broking advisers (if applicable)

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice of Meeting but may include existing substantial shareholders and/or new shareholders of the Company who are not related parties or associates of a related party of the Company.

- (e) The Company obtained Shareholder approval under Listing Rule 7.1A last year, but did not issue shares under this Listing Rule in the last twelve months.

During the 12 months preceding 17 November 2017, being the date of the Meeting, the Company issued a total of 5,000,000 shares representing 0.4% of the total number of equity securities on issue at the commencement of that 12 month period.

Information relating to issues of equity securities by the Company in the 12 months prior to 17 November 2017 is as follows:

Date of Appendix 3B	Number of Equity Securities	Class of Equity Securities and summary of terms	Names of recipients or basis on which recipients determined	Issue Price of Equity Securities and discount to Market Price on the trading day prior to the issue	If issued for cash - the total consideration, what it was spent on and the intended use of any remaining funds If issued for non-Cash consideration – a description of the consideration and the current value of the consideration
16 December 2016	5,000,000	Ordinary Shares	Marbrijen Pty Ltd <Marbrijen S/F A/C>	Issue Price - \$0.015 Discount to Market Price – 40% Market Price - \$0.025	Exercise of unlisted options Total consideration - \$75,000 These funds were applied for working capital purposes

- (f) A voting exclusion statement is included in the accompanying Notice. At the date of this Notice, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the equity securities. No existing shareholder's votes will therefore be excluded under the voting exclusion in the accompanying Notice.

Board Recommendation

The Board considers that the approval of the issue of the 10% Placement Facility described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under Listing Rule 7.1A in the next 12 months (without further shareholder approval), should it be required. At the date of the notice of this meeting, the Company has no plans to use the 10% Placement Facility should it be approved.

Accordingly, the directors unanimously recommend that Shareholders vote in favour of Resolution 3 and propose to cast all votes controlled by them in favour of Resolution 3.

Notes

These notes form part of the Notice of Annual General Meeting and should be read in conjunction with the accompanying explanatory statement.

Determination of Membership and Voting Entitlement

For the purpose of determining a person's entitlement to vote at the Annual General Meeting, a person will be recognised as a member of the Company and the holder of Shares if that person is registered as a holder of those Shares at 11.00 am Sydney time on Wednesday 15 November 2017, being the second business day prior to the Annual General Meeting.

Votes of Members

On a show of hands, each member present in person or by proxy (or, in the case of a body corporate, by a representative) at the Annual General Meeting shall have one vote.

On a poll, every member present in person or by attorney or by proxy (or, in the case of a body corporate, by a representative) shall have one vote for each Share held provided that all shares are fully paid.

Voting

Please note that for an ordinary resolution to be passed, a simple majority of votes cast (in person, by proxy or, in the case of a body corporate shareholder, by corporate representative) by shareholders entitled to vote on the resolution is required.

For a special resolution to be passed, it must be approved by at least 75% of the votes cast (in person, by proxy or, in the case of a body corporate shareholder, by corporate representative) by shareholders entitled to vote on the resolution.

Resolutions 1 & 2 are ordinary resolutions. Resolution 3 is a special resolution.

Proxies

A member who is entitled to vote at the Meeting has a right to appoint a proxy and should use the proxy form accompanying this Notice. The proxy need not be a member of the Company.

Proxy forms and the original or a certified copy of the power of attorney (if the proxy form is signed by an attorney) must be received at:

Suite 307, Level 3, 20 Barrack Street, Sydney NSW 2000; or

GPO Box 4729, Sydney, NSW 2001; or

on fax number (02) 9279 3854; or

by email img@latrobemagnesium.com

no less than 48 hours before the person named in the instrument purports to vote pursuant to it.

Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at Meetings of a company's shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

PROXY FORM

I / We

Name(s):

Of

Address:

being a member of Latrobe Magnesium Limited appoints:

Name of proxy

Address of proxy

or in his or her absence (or if left blank), the chairman of the meeting as my / our proxy to attend, vote and otherwise act on my / our behalf at the Annual General Meeting of the Company to be held on Friday 17 November 2017 and at any adjournment of that meeting.

If you wish to appoint the proxy in respect of only a specified number of your shares you must insert that number in the appropriate space below. In the absence of any such specification, the proxy will be taken to have been appointed in respect of all of your shares.

My / our proxy is authorised to exercise the voting rights in respect of of my / our shares.

If 2 Proxies are being appointed, the proportion of voting rights that this proxy is authorised to exercise is%. (The company will supply an additional proxy form on request.)

PROXY INSTRUCTIONS

If you wish to instruct your proxy how to vote, insert X in the appropriate column against each item of business set out below. I / We instruct my / our proxy to vote as follows:

RESOLUTIONS	FOR	AGAINST	ABSTAIN
1. Adoption of Remuneration Report			
2. Re-election of Director – P F Bruce			
3. Approval of 10% Placement Facility			

Unless otherwise directed, the proxy holder may vote as he / she thinks fit, or abstain from voting.

If the Chairman of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote you are hereby advised that the Chairman intends to vote in favour of all the Resolutions,

SIGNATURE OF MEMBER (S)

Individual or Member 1

Sole Director/Company Secretary

Member 2

Director

Member 3

Director/Company Secretary

Date:

Contact Name: Contact Phone (daytime):

NOTES ON PROXIES:

1. 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 as they choose. If you mark more than one box on an item your vote will be invalid on that item.
2. A member entitled to attend and vote at this Meeting is entitled to appoint not more than two proxies to attend and vote in his stead pursuant to the Constitution.
3. If a member appoints one proxy only, that proxy shall be entitled to vote on a show of hands, but if a Member appoints two proxies neither shall be entitled to vote on a show of hands.
4. Where more than one proxy is appointed, each proxy must be appointed to represent a specified portion of the Member's voting rights. Otherwise each proxy may exercise half of your votes.
5. A proxy need not be a security holder of the Company.
6. Signing instructions:
 - **Individual:** Where the holding is in one name, the security holder must sign.
 - **Joint Holding:** Where the holding is in more than one name, all of the security holders should sign.
 - **Power of Attorney:** If this form is executed under a power of attorney and you have not already lodged the relevant 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 or a company secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

For your vote to be effective the completed proxy form must be received by 11.00 am on Wednesday 15 November 2017, being 48 hours prior to the Meeting, at:

Suite 307, Level 3, 20 Barrack Street, Sydney NSW 2000; or
GPO Box 4729, Sydney, NSW 2001, or
on fax number (02) 9279 3854; or
by email img@latrobemagnesium.com

Please advise of any change of address by completion of the section below:

My new address is

.....
.....