



Notice of Annual General Meeting and Explanatory Statement

The Annual General Meeting of

MHM METALS LIMITED

ABN 41 124 212 175

*Will be held at
10.00am (AEDST) on Friday, 20 November 2015*

At

*The offices of Grant Thornton,
The Rialto, Level 30,
525 Collins Street, Melbourne, VIC 3000*

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay

MHM METALS LIMITED

ABN 41 124 212 175

Registered office: Level 4, 100 Albert Road, South Melbourne Victoria 3205

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Members of MHM Metals Limited (the "Company") will be held at the offices of Grant Thornton, The Rialto, Level 30, 525 Collins Street, Melbourne, Victoria 3000 at 10.00am (AEDST) on Friday, 20 November 2015.

AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice, describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the proxy form in their entirety.

ORDINARY BUSINESS

Receipt and consideration of Accounts & Reports

To receive and consider the financial report of the Company and the related reports of the Directors (including the Remuneration Report) and auditors for the year ended 30 June 2015.

Note: Except for as set out in Resolution 1, there is no requirement for shareholders to approve these reports. Accordingly no resolution will be put to shareholders on this item of business.

Resolution 1: Adoption of Remuneration Report

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

"That for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report (included in the Directors' report) for the financial year ended 30 June 2015 be adopted."

Resolution 2: Election of Mr Paul Kopejtka as a Director of the Company

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

"That, Mr Paul Kopejtka, having been appointed to the Board during the year, retires as a Director in accordance with the Constitution and having consented and being eligible for election, be elected as a Director."

Resolution 3: Election of Mr Christopher Goodman as a Director of the Company

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

"That, Mr Christopher Goodman having been appointed to the Board during the year, retires as a Director in accordance with the Constitution and having consented and being eligible for election, be elected as a Director."

Resolution 4: Election of Mr Joseph van den Elsen as a Director of the Company

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

"That, Mr Joseph van den Elsen having been appointed to the Board during the year, retires as a Director in accordance with the Constitution and having consented and being eligible for election, be elected as a Director."

Resolution 5: Approval to issue Fully Paid Ordinary Shares to Mr Matthew Keen (or his nominee)

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

"That for the purpose of Listing Rule 10.11 of the Listing Rules of ASX Limited and for all other purposes, shareholders approve the issue of 1,250,000 fully paid ordinary shares in the Company at an issue price of \$0.02 (2 cent) per share to Mr Matthew Keen (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Resolution 6: Removal of Auditor

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

“That, for the purposes of section 329(1) of the Corporations Act and for all other purposes, Deloitte Touche Tohmatsu be removed as auditor of the Company as at the date of this meeting.”

Resolution 7: Approval to issue Fully Paid Ordinary Shares to Mr Paul Kopejtko (or his nominee) on Conversion of Notes

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

“That for the purpose of Listing Rule 10.11 of the Listing Rules of ASX Limited and for all other purposes, shareholders approve the issue of fully paid ordinary shares in the Company to Mr Paul Kopejtko (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

SPECIAL BUSINESS

Resolution 8: Appointment of Auditor

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

“That subject to the passing of Resolution 6, for the purposes of section 327D(2) of the Corporations Act and for all other purposes Grant Thornton Audit Pty Ltd, having given its consent be and is hereby appointed as auditor of the Company.”

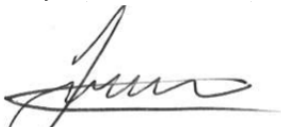
Resolution 9: Approval of 10% Placement Facility

To consider and, if thought fit, pass the following resolution as a special resolution:

“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum”

DATED this 19th day of October 2015 at Melbourne

By order of the Board


Justin Mouchacca
Company Secretary

NOTES:

- 1. Entire Notice:** The details of the resolution contained in the Explanatory Notes accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
- 2. Voting:** The Company has determined that for the purposes of the Annual General Meeting, shares will be taken to be held by the persons who are registered as holding the shares as at 7.00pm Melbourne time on Wednesday, 18 November 2015. Only those persons will be entitled to vote at the Annual General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.
- 3. Voting Exclusion Statements:**

Resolution 1

The Company will disregard any votes cast on this resolution (in any capacity) by or on behalf of a member of the Key Management Personnel (being those persons described as such in the Remuneration Report) or a closely related party of such a member unless the vote cast as proxy for a person entitled to vote in accordance with a direction on the proxy form.

Any undirected proxies held by Directors or other Key Management Personnel or their closely related parties for the purposes of Resolution 1 (excluding the Chairman) will not be voted on Resolution 1. Accordingly, if you intend to appoint a member of Key Management Personnel as your proxy, please ensure that you direct them how to vote. The Chairman will vote undirected proxies in favour of Resolution 1.

Resolutions 5 and 7

The Company will disregard any votes cast on these resolutions by any person who is to receive securities in relation to the Company and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, and any associates of those persons.

However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 9

The Company will disregard any votes cast on Resolution 9 by any person who may participate in the proposed issue or any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, and any associate of such person.

However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY STATEMENT

Receipt and consideration of Accounts & Reports

A copy of the Annual Report for the financial year ending 30 June 2015 (which incorporates the Company's financial report, reports of the Directors (including the Remuneration Report) and the auditors) is not enclosed as there is no longer a requirement for the Company to incur the printing and distribution cost associated with doing so for all shareholders. You may obtain a copy free of charge in hard copy form by contacting the Company by phone at (03) 9692 7222, and you may request that this occurs on a standing basis for future years. Alternatively you may access the annual report at the Company's website: www.mhmetals.com or via the Company's announcement platform on ASX. Except for as set out in Resolution 1, no resolution is required on these reports.

Resolution 1: Adoption of Remuneration Report

Section 250R(3) of the Corporations Act requires that a resolution to adopt the remuneration report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Company's 2015 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act 2001, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the remuneration report at the Annual General Meeting.

The Corporations Act requires the Company to put a resolution to Shareholders that the In accordance with Division 9 of Part 2G.2 of the Corporations Act, if twenty five (25%) per cent or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

It is noted that at the Company's last Annual General Meeting, the votes cast against the remuneration report represented less than twenty five (25%) per cent of the total votes cast and accordingly, a spill resolution will not under any circumstances be required for the Annual General Meeting.

A voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. Key Management Personnel and their closely related parties may not vote on this Resolution and may not cast a vote as proxy, unless the proxy appointment gives a direction on how to vote or the proxy is given to the Chairman and expressly authorises the Chairman to exercise the proxy.

The Chairman will use any such proxies to vote in favour of Resolution 1. The Company encourages all eligible Shareholders to cast their votes in favour of Resolution 1 (Remuneration Report).

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

Voting Exclusions

The Company will disregard any votes cast on this resolution (in any capacity) by or on behalf of a member of the Key Management Personnel (being those persons described as such in the Remuneration Report) or a closely related party of such a member unless the vote cast as proxy for a person entitled to vote in accordance with a direction on the proxy form.

Any undirected proxies held by Directors or other Key Management Personnel or their closely related parties for the purposes of Resolution 1 (excluding the Chairman) will not be voted on Resolution 1. Accordingly, if you intend to appoint a member of Key Management Personnel as your proxy, please ensure that you direct them how to vote. The Chairman will vote undirected proxies in favour of Resolution 1.

Resolution 2: Election of Mr Paul Kopejtka as a Director of the Company

Mr Paul Kopejtka was appointed as a director on 23 March 2015 as a casual vacancy and is eligible for election.

Mr Kopejtka has a Bachelor's Degree in Chemical Engineering and is a member of the Australian Institute of Company Directors. Mr Kopejtka has been associated with a number of Australian listed companies, notably Murchison Metals Ltd and Extract Resources Ltd. Under Paul's leadership, Murchison successfully developed the Jacks Hills Iron Ore Stage 1 mine producing 2Mtpa of high grade Iron Ore. In late 2007, Murchison entered into a Joint Venture with Mitsubishi Corporation to jointly develop the Jack Hills Stage 2 project. More recently Murchison sold its 50% share in the Joint Venture to Mitsubishi Corporation. Mr Kopejtka currently serves as the Executive Chairman of Ascot Resources.

Director Recommendations

The Board (with Mr Kopejtka abstaining), recommends that shareholders vote in favour of the election of Mr Kopejtka. The Chairman of this resolution intends to vote undirected proxies in favour of Mr Kopejtka's election.

Resolution 3: Election of Mr Christopher Goodman as a Director of the Company

Mr Christopher Goodman was appointed as a director on 5 May 2015 as a casual vacancy and is eligible for election.

Mr Goodman is a highly experienced senior coal trader with extensive global experience in coal procurement, coal sales, and coal technology. Currently studying towards a Global Executive MBA through the IESE Business School in Barcelona, Mr Goodman has previously held senior management positions with Trafigura, Mercuria Energy and Noble Group and holds a Bachelor of Science (Hons) (Chemistry) from the University of Bristol.

Directors Recommendations

The Board (with Mr Goodman abstaining), recommends that shareholders vote in favour of the re-election of Mr Goodman. The Chairman of the meeting intends to vote undirected proxies in favour of Mr Goodman's election.

Resolution 4: Election of Mr Joseph van den Elsen as a Director of the Company

Mr Joseph van den Elsen was appointed as a director on 10 December 2014 as a casual vacancy and is eligible for election.

A qualified Australian lawyer fluent in Spanish, Mr van den Elsen has lived and work in both Australia and numerous Latin American jurisdictions. In his capacity as an Executive Director of Hampshire Mining Group, a privately owned coal project development group, Joseph has considerable experience identifying and acquiring mining projects and overseeing complicated, cross jurisdictional Due Diligence. Prior to joining the Hampshire Mining Group, Mr van den Elsen was an Associate Director with UBS having previously held a comparable position with Goldman Sachs JBWere.

Directors Recommendations

The Board (with Mr van den Elsen abstaining), recommends that shareholders vote in favour of the re-election of Mr van den Elsen. The Chairman of the meeting intends to vote undirected proxies in favour of Mr van den Elsen's election.

Resolution 5: Approval to issue Fully Paid Ordinary Share to Mr Matthew Keen

This Resolution seeks approval of shareholders for the issue of Shares in connection with the terms of Mr Matthew Keen's employment contract.

ASX Listing Rule 10.11 provides that a company must not, subject to certain exceptions, issue or agree to issue equity securities to a related party without the approval of holders of ordinary securities. The Company seeks shareholder approval for the issue of Shares to Mr Matthew Keen who was a Director of the Company until his resignation on 31 July 2015 (which is within the period of 6 months prior to the proposed issue of Shares) and hence a related party.

ASX Listing Rule 7.2 (Exception 14) states that approval pursuant to Listing Rule 7.1 is not required if shareholder approval is obtained under Listing Rule 10.11. If approved, the issue of Shares under this resolution will not affect the

capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those Shares will be excluded from the calculations under Listing Rule 7.1.

Background

Under the terms of the Company's previous Managing Director, Mr Matthew Keen's employment contract, he is due a \$75,000 AUD bonus and in recognition of the company's limited financial resources and its capacity to reinvent itself in a value accretive manner, On 6 August 2015, the Company announced that it proposed to partially settle the bonus payment by way of an issue of 1,250,000 fully paid ordinary shares at a deemed issue price of \$0.02 (2 cents) per share.

ASX Listing Rule 10.13 requires that the following background information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 10.11:

- (a) name of person to whom securities are to be issued is Mr Matthew Keen (or his nominee);
- (b) number of securities to be issued: 1,250,000 Shares;
- (c) date of issue of securities: as soon as possible after approval at the Meeting and in any event, no later than one month after the approval of this resolution at the Meeting (or such later date to the extent permitted by ASX under any waiver of the Listing Rules).
- (d) issue price of the securities: Deemed issue price of \$0.02 (2 cents) per Share;
- (e) terms of issue of the securities: the securities will be fully paid ordinary shares in the capital of the Company on the same terms and ranking equally in all respects with all other Shares;
- (f) intended use of funds raised: no funds will be raised by the issue of Shares which will satisfy amounts owing to Mr Matthew Keen pursuant to his employment contract.

The Board has determined that Shareholder approval under section 208 of the Corporations Act is not required for the issue of Shares under this resolution due to the "arm's length" exception in section 210 of the Corporations Act as the terms of the issue were negotiated on an arm's length basis, the issue price is at a premium to the current (as at the date of this Notice) market price of Shares on the ASX, and are reasonable in the circumstances of the Company and Mr Keen dealing at arm's length.

For Resolution 5 to be passed, at least 50% of the votes cast by members entitled to vote on the resolution must be in favour of the resolution.

Director Recommendations

The Board recommends that shareholders vote in favour of the issue of 1,250,000 fully paid ordinary shares to Mr Mathew Keen. The Chairman of the meeting intends to vote undirected proxies in favour of the resolution.

Voting Exclusions

The Company will disregard any votes cast on this resolution Mr Matthew Keen, any person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, and any of their associates.

However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 6: Removal of Auditor

Deloitte Touche Tohmatsu have been the Company's auditors since November 2013. The Board of Directors considered it is an appropriate time in the lifecycle of the Company to put the audit out to tender. The Company sought tenders from Deloitte Touch Tohmatsu and 2 other Audit firms in Melbourne. As a result of this tender process, Deloitte Touche Tohmatsu were unsuccessful in their tender. Due to the timeframe in obtaining a consent of resignation from ASIC to resign as auditor, the Company has to undertake a removal and appointment process in order to change the Company's auditors.

Directors Recommendations

In respect of Resolutions 6, the Directors recommend that shareholders vote in favour of the Resolution.

Resolution 7: Approval to issue Fully Paid Ordinary Shares to Mr Paul Kopejtka on Conversion of Notes

This Resolution seeks approval of shareholders for the issue of Shares in connection with the terms of a convertible note held by Paul & Karen Kopejtka <ATF The Kopejtka Family Trust>, an entity associated with Mr Paul Kopejtka.

ASX Listing Rule 10.11 provides that a company must not, subject to certain exceptions, issue or agree to issue equity securities, to a related party without the approval of holders of ordinary securities. The Company seeks shareholder approval for the issue of Shares on conversion of a convertible note held by Paul & Karen Kopejtka <ATF The Kopejtka Family Trust>, an entity associated with Mr Paul Kopejtka who is a Director of the Company and hence a related party.

ASX Listing Rule 7.2 (Exception 14) states that approval pursuant to Listing Rule 7.1 is not required if shareholder approval is obtained under Listing Rule 10.11. If approved, the issue of Shares under this resolution will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those Shares will be excluded from the calculations under Listing Rule 7.1.

Background

As announced by the Company on 9 October 2015, Paul & Karen Kopejtka <ATF The Kopejtka Family Trust> an entity associated with its Director Mr Paul Kopejtka agreed to lend the Company the sum of \$200,000 for working capital purposes pursuant to an agreement with the following key terms:

- maturity date: 12 months from advance;
- interest payable: 12.5% per annum accruing and payable monthly in areas in cash or capitalised at election of noteholder;
- the note is unsecured, unlisted, repayable on the maturity date;
- conversion: amounts owing can be converted in whole or part, subject to shareholder approval and all other necessary approvals, at option of noteholder at a conversion price equal to 30 day VWAP prior to the date of conversion.

If the full amount outstanding under the convertible note (including interest assuming the noteholder elects that all interest be capitalised) is converted to Shares immediately following approval at the Meeting the indicative number of Shares to be issued to the entity associated with Mr Paul Kopejtka is Paul & Karen Kopejtka <ATF The Kopejtka Family Trust>, and the following dilution scenarios could occur based on a conversion amount of approximately \$203,500:

Conversion Price	Shares Issued	% of share capital
\$0.02	10,175,000	7.8%
\$0.03	6,783,333	5.2%
\$0.04	5,087,500	3.9%

The Company notes that the actual number of Shares to be issued is likely to be different from this number as the actual amount converted and conversion price may vary from those assumed above. The number of Shares to be issued will ultimately depend on the time and extent of exercise of the conversion right, whether any interest is capitalised and the prevailing 30 day VWAP of Shares at the time of conversion.

If this resolution is not approved, the Company is required to hold an extraordinary general meeting prior to 30 June 2016 to seek all necessary shareholder approvals, which if not obtained, will mean the convertible note is repayable within 30 days.

ASX Listing Rule 10.13 requires that the following background information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 10.11:

- (a) name of person to whom securities are to be issued: Paul & Karen Kopejtka <ATF The Kopejtka Family Trust>, an entity associated with Mr Paul Kopejtka;

- (b) formula for calculating the number of securities to be issued: the amount elected to be converted by the noteholder (up to the maximum face value of \$200,000 plus any accrued and capitalised interest at 12.5% p.a.) divided by 30 day VWAP as at the date of conversion;
- (c) date of issue of securities: the Shares will be issued on exercise of the conversion rights by the noteholder and in any event, no later than one month after the approval of this resolution at the Meeting (or such later date to the extent permitted by ASX under any waiver of the Listing Rules, see below).
- (d) issue price of the securities: as stated at paragraph (b) above, 30 day VWAP at date of conversion;
- (e) terms of issue of the securities: the securities will be fully paid ordinary share in the capital of the Company on the same terms and ranking equally in all respects with all other Shares;
- (f) intended use of funds raised: no funds will be raised by the issue of Shares which will satisfy amounts owing under the convertible note. Funds lent pursuant to the convertible note have and will be used for working capital purposes.

The Company notes that if the noteholder does not elect to exercise its conversion right in the month following the Meeting, it may seek a waiver of Listing Rule 10.13.3 to enable the issue of securities later than one month after the approval of this resolution. There is no guarantee that such waiver will be granted by ASX. In such case, the conversion right will no longer be able to be exercised and the Company will be required to seek a fresh shareholder approval to the issue of Shares on exercise of the conversion right.

The Board (with Mr Kopejtka abstaining) has determined that Shareholder approval under section 208 of the Corporations Act is not required for the issue of Shares under this resolution due to the "arm's length" exception in section 210 of the Corporations Act as the terms of the convertible notes were negotiated on an arm's length basis and are reasonable in the circumstances of the Company and the noteholder dealing at arm's length.

For Resolution 7 to be passed, at least 50% of the votes cast by members entitled to vote on the resolution must be in favour of the resolution.

Director Recommendations

The Board (with Mr Kopejtka abstaining) recommends that shareholders vote in favour of the issue of fully paid ordinary shares to Mr Paul Kopejtka. The Chairman of the meeting intends to vote undirected proxies in favour of the resolution.

Voting Exclusions

The Company will disregard any votes cast on this resolution by Mr Paul Kopejtka, any person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, and any of their associates.

However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 8: Appointment of Auditor

Section 327D of the Corporations Act provides that when an auditor is removed from a company, the company may appoint a new auditor at a general meeting by special resolution. Resolution 9 provides for the auditor vacancy to be filled if Resolution 6 is passed.

The Director's propose that Grant Thornton be appointed as the Company's auditor effective from the date of this meeting. A copy of the nomination of Grant Thornton as auditor is attached to this Notice.

Grant Thornton has given written consent to act as the Company's auditor in accordance with Section 328A(1) of the Corporations Act.

Directors Recommendations

In respect of Resolutions 8, the Directors recommend that shareholders vote in favour of the Resolution.

Resolution 9: Approval of 10% Placement Facility

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting ("10% Placement Facility"). The 10% Placement Facility is 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 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 Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below).

The Company continues actively seeking to increase work on its current exploration assets and reviewing new potential projects and investments. Should the Company utilise the 10% Placement Facility, it intends to use the funds to acquire new resource assets or investments, to conduct further work on its current projects or to meet additional working capital requirements.

Directors Recommendations

The Directors of the Company believe that Resolution 9 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

Voting Exclusions

The Company will disregard any votes cast on Resolution 9 by any person who may participate in the proposed issue or any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, and any associate of such person.

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. This means it requires approval of 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

(b) Equity Securities

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

The Company, as at the date of the Notice, has on issue two classes of Equity Securities, Shares and unlisted Performance Rights.

(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 date of issue or agreement:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

Note that A is 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.

At the date of this Notice, the Company has on issue 130,218,145 Shares and therefore has a capacity to issue:

- (i) 19,532,722 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being obtained under Resolution 9, 13,021,815 Equity Securities under Listing Rule 7.1A.

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

(e) *Minimum Issue Price*

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity 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 the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

Listing Rule 7.1A

The effect of Resolution 9 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 9 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 trading days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

- (b) If Resolution 9 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. Shareholders may be exposed to economic risk and voting dilution, including the following:
- (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 Annual General Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

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

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

The table also shows:

- 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
- 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		Dilution		
		\$0.01 50% decrease in Issue Price	\$0.02 Issue Price	\$0.04 100% increase in Issue Price
Current Variable A 130,218,145 Shares	10% Voting Dilution	13,021,815 Shares	13,021,815 Shares	13,021,815 Shares
	Funds raised	\$130,218	\$260,436	\$570,873
50% increase in current Variable A 195,327,218 Shares	10% Voting Dilution	19,532,722 Shares	19,532,722 Shares	19,532,722 Shares
	Funds raised	\$195,327	\$390,654	\$781,309
100% increase in current Variable A 260,436,290 Shares	10% Voting Dilution	26,043,629 Shares	26,043,629 Shares	26,043,629 Shares
	Funds raised	\$260,436	\$520,873	\$1,041,745

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- No Performance Rights are vested before the date of the issue of the Equity Securities;
- 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%.
- 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 Annual General Meeting.
- 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.

- The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Performance Rights, it is assumed that those Performance Rights are vested for the purpose of calculating the voting dilution effect on existing Shareholders.
 - The issue price is **\$0.02**, being the closing price of the Shares on ASX on **16 October 2015**.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 9 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of the new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

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

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

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

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

- (f) The Company has not utilised its capacity under this section however, has not previously obtained Shareholder approval under Listing Rule 7.1A.
- (g) A voting exclusion statement is included in the 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 Notice.

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“\$” means Australian Dollars;

“**10% Placement Facility**” has the meaning as defined in the Explanatory Statement for Resolution 9;

“**10% Placement Period Facility**” has the meaning as defined in the Explanatory Statement for Resolution 9;

“**Annual Report**” means the Directors’ Report, the Financial Report, and Auditor’s Report, in respect to the year ended 30 June 2015;

“**ASX**” means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires;

“**ASX Settlement Operating Rules**” means the rules of ASX Settlement Pty Ltd which apply while the Company is an issuer of CHES approved securities;

“**Auditor’s Report**” means the auditor’s report on the Financial Report;

“**AEDST**” means Australian Eastern Daylight Standard Time;

“**Board**” means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;

“**Chairman**” means the person appointed to chair the Meeting of the Company convened by the Notice;

“**CHES**” has the meaning in Section 2 of the ASX Settlement Operating Rules;

“**Closely Related Party**” means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

“**Company**” means MHM Metals Limited ABN 41 124 212 175;

“**Constitution**” means the constitution of the Company as at the date of the Meeting;

“**Convertible Security**” means a security of the Company which is convertible into shares;

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

“**Director**” means a Director of the Company;

“**Directors Report**” means the annual directors’ report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**Equity Security**” has the same meaning as in the Listing Rules;

“**Explanatory Memorandum**” means the explanatory memorandum which forms part of the Notice;

“**Financial Report**” means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**Key Management Personnel**” means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company;

“**Listing Rules**” means the Listing Rules of the ASX;

“**Meeting**” has the meaning given in the introductory paragraph of the Notice;

“**Notice**” means the Notice of Meeting accompanying this Explanatory Statement;

“**Proxy Form**” means the proxy form attached to the Notice;

“**Remuneration Report**” means the remuneration report which forms part of the Directors’ Report of MHM Metals Limited for the financial year ended 30 June 2015 and which is set out in the 2015 Annual Report;

“**Resolution**” means a resolution referred to in the Notice;

“**Schedule**” means schedule to the Notice;

“**Section**” means a section of the Explanatory Memorandum;

“**Share**” means a fully paid ordinary share in the capital of the Company;

“**Shareholder**” means shareholder of the Company;

“**Trading Day**” means a day determined by ASX to be a trading day in accordance with the Listing Rules;

“**VWAP**” means volume weighted average price.

PROXY AND VOTING INSTRUCTIONS

1. For the purposes of the Corporations Act, the Company has determined that all securities of the Company recorded on the Company's register as at 7.00pm (AEDST) on the date 48 hours before the date of the Annual General Meeting will be taken, for the purposes of the Meeting, to be held by the persons who held them at that time.
2. The details of the Resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and forms part of this Notice of Meeting.
3. A shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.
4. If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting on that resolution as they think fit.
5. If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
6. Shareholders who return their proxy forms with a direction on how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf.
7. If a proxy form is returned but the nominated proxy does not attend the meeting, or does not vote on the resolution, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions.
8. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction on how to vote will be used where possible to support each of the resolutions proposed in this Notice.
9. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person excluded from voting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form, or where 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.
10. Key Management Personnel and their closely related parties will not be able to vote your proxy on Resolution 1 unless you direct them how to vote. If you intend to appoint a member of the Key Management Personnel as your proxy, please ensure that you direct them how to vote on Resolution 1. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him to vote authorising the chair to exercise your proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP for the relevant entity.
11. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office or Security Transfer Registrar Pty Ltd in accordance with the instructions set out in the proxy form by no later than 10.00am (AEDST) on 18 November 2015.

**Notice of Nomination of Auditor
MHM Metals Limited
ABN 41 124 212 175**

Appointment of auditors

Following the removal of Deloitte Touche Tohmatsu, I wish to nominate Grant Thornton Audit Pty Ltd as auditor of MHM Metals Limited at the forthcoming Annual General Meeting.

I request that a copy of this nomination is sent to all persons entitled to receive notice of the AGM and Grant Thornton Audit Pty Ltd.

Signed:



GUACAMAYA HOLDINGS INC.
Member Name

12 October 2015
Date

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MHM METALS LIMITED

ACN: 124 212 175

REGISTERED OFFICE:
LEVEL 4
100 ALBERT ROAD
SOUTH MELBOURNE VIC 3205

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«EFT_REFERENCE_NUMBER»

«HOLDER_NAME»
«ADDRESS_LINE_1»
«ADDRESS_LINE_2»
«ADDRESS_LINE_3»
«ADDRESS_LINE_4»
«ADDRESS_LINE_5»

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535, APPLECROSS WA 6953
AUSTRALIA
770 Canning Highway, APPLECROSS WA 6153
AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code:

MHM

Holder Number:

«HOLDER_NUMB

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

**VOTE
ONLINE**Lodge your proxy vote securely at www.securitytransfer.com.au

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE PRX

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote, hereby appoint:

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson 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, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 10:00am AEDST on Friday 20 November 2015 at The offices of Grant Thornton, The Rialto, Level 30, 525 Collins Street, Melbourne VIC 3000 and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

ORDINARY RESOLUTIONS**For Against Abstain**

- | | | | |
|---|--------------------------|--------------------------|--------------------------|
| 1. Adoption of Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Election of Mr Paul Kopejtka as a Director of the Company | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Election of Mr Christopher Goodman as a Director of the Company | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Election of Mr Joseph van den Elsen as a Director of the Company | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Approval to issue Fully Paid Ordinary Shares to Mr Matthew Keen (or his nominee) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- | | | | |
|---|--------------------------|--------------------------|--------------------------|
| 6. Removal of Auditor | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Approval to issue Fully Paid Ordinary Shares to Mr Paul Kopejtka (or his nominee) on Conversion of Notes | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

SPECIAL RESOLUTIONS

- | | | | |
|--|--------------------------|--------------------------|--------------------------|
| 9. Appointment of Auditor | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Approval of 10% Placement Facility | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * 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.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Registrars Pty Ltd no later than 10.00am AEDST on Wednesday 18 November 2015.

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My/Our contact details in case of enquiries are:

Name:

Number:

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1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) 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 contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities 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 of your votes; and
- b) Return both forms in the same envelope.

5. SIGNING INSTRUCTIONS

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

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share 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 may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

Security Transfer Registrars Pty Ltd

Online www.securitytransfer.com.au

Postal Address PO BOX 535
Applecross WA 6953 AUSTRALIA

Street Address Alexandria House
Suite 1, 770 Canning Highway
Applecross WA 6153 AUSTRALIA

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

