

# Syndicated Metals Limited

ABN 61 115 768 986

## Notice of General Meeting

Notice is hereby given that a General Meeting of Syndicated Metals Limited ABN 61 115 768 986 ("Company") will be held at 2pm on Wednesday October 20<sup>th</sup> 2010 at Level 1, 68 Hay Street Subiaco, Western Australia.

The enclosed Explanatory Memorandum accompanies and forms part of this Notice of Meeting.

Please note terms used in the Resolution contained in this Notice of Meeting have the same meaning as set out in the Glossary of the Explanatory Memorandum accompanying this Notice.

### AGENDA

#### 1. Resolution 1 – Grant of Options to Martin Pyle

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

*"That, pursuant to and in accordance with section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Directors be and are hereby authorized to grant and issue up to 1,000,000 Class A Options (each with an exercise price of \$0.25 and an expiry date of 30 November 2014), 1,000,000 Class B Options (each with an exercise price of \$0.30 and an expiry date of 30 November 2014) and 1,000,000 Class C Options (each with an exercise price of \$0.35 and an expiry date of 30 November 2014) all for no consideration, to Martin Pyle or his nominee(s), on the terms and conditions set out in the Explanatory Memorandum (including Annexures A, B and C to the Explanatory Memorandum)."*

Note. The Company will, in accordance with section 224 of the Corporations Act disregard any votes cast on Resolution 1 by Martin Pyle and any associate of Martin Pyle. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of Martin Pyle or an associate of Martin Pyle.

By Order of the Board

  
B R McCullagh.

Director and Company Secretary

9 September 2010

## NOTES

These notes form part of the Notice of General Meeting and should be read in conjunction with the accompanying Explanatory Memorandum. Capitalised words and phrases used in this Notice of General Meeting are defined in the Glossary contained in the accompanying Explanatory Memorandum.

### How to vote

Shareholders can vote by either:

- Attending the meeting and voting in person or by attorney or, in the case of corporate shareholders, by appointing a corporate representative to attend and vote; or
- Appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice of General Meeting and by submitting their proxy appointment and voting instructions in person, by post, by person, in post or by facsimile.

### Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

### Voting by a Corporation

A shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed unless previously given to the Company's Share Registry.

### Voting by proxy

- A shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (ie. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as they think fit.

- Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.
- 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.
- Shareholders who return their proxy forms with a direction 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. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in the place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director, that do not contain a direction how to vote will be used where possible to support each of the resolutions proposed in this Notice.
- To be effective, proxies must be lodged before 2pm (Perth time) on October 18<sup>th</sup> 2010. Proxies lodged after this time will be invalid.
- Proxies may be lodged using any of the following methods:
  - By returning a completed proxy form in person to Level 1, 68 Hay Street, Subiaco WA 6008; or
  - By post to GPO Box 2810, Perth WA 6000; or
  - By faxing a completed proxy form to (08) 9380 9449.

The proxy form must be signed by the shareholder or the shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 2pm (Perth time) on October 18<sup>th</sup> 2010. If facsimile transmission is used, the power of attorney must be certified.

#### **Shareholders who are entitled to vote**

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the Register of Shareholders as a 5pm (Perth time) 18<sup>th</sup> October 2010.

PROXY FORM  
SYNDICATED METALS LIMITED  
ABN 61 115 768 986

The Company Secretary  
Syndicated Metals Limited  
Level 1, 68 Hay Street  
SUBIACO WA 6008

**Appointment of Proxy**

I/We.....  
of.....  
being a shareholder / shareholders of Syndicated Metals Limited hereby appoint

☐

The Chairman of the  
Meeting (mark with  
an "X")

OR

Write here the name/s of the person you are  
appointing if this person is someone other than  
the Chairman of the Meeting.

Write here the name of the person you are  
appointing as a second proxy (if any)

Of failing him/her (if no proxy is specified above), the Chairman of the meeting, as my/our proxy to vote for me/us and on my/  
our behalf at the General Meeting to be held at 2pm (Perth time) at Level 1, 68 Hay Street, Subiaco, Western Australia, on 20th  
October 2010 and at any adjournment of that meeting.

This proxy is to be used in respect of \_\_\_\_\_% of the ordinary shares I/ we hold.

RESOLUTION	For	Against	Abstain
1. Grant of Options to Martin Pyle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

**PLEASE SIGN HERE**

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

Executed in accordance with section 127 of the Corporations Act:

**Individual of Shareholder 1**

Sole Director & Sole Company Secretary

**Joint Shareholder 2**

Director

**Joint Shareholder 3**

Director/Company Secretary

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2010

\_\_\_\_\_  
Contact name

\_\_\_\_\_  
Contact Business Telephone/Mobile

## INSTRUCTIONS FOR COMPLETING PROXY FORM

1. Completion of a proxy form will not prevent individual shareholders from attending the General Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the General Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the General Meeting.
2. A shareholder of the Company 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.
3. A proxy need not be a shareholder of the Company.
4. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.
5. Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.
6. If a representative of a company shareholder is to attend the Meeting, a properly executed original (or certified copy) of the appropriate "Certificate of Appointment of Corporate Representative" should be produced for admission to the Meeting.
7. If a representative as a Power of Attorney of a shareholder is to attend the meeting, a properly executed original (or originally certified copy) of an appropriate Power of Attorney should be produced for admission to the General Meeting.

### 8. 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 of the shareholders should sign.

**Power of Attorney:** If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your complete Proxy Form.

**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.

### 9. Lodgement of a Proxy

This Proxy Form (and any power of attorney under which it is signed) must be received at the address below not later than 2pm on October 18<sup>th</sup> 2010 (48 hours before the commencement of the Meeting).

Any Proxy Form received after that time will not be valid for the scheduled Meeting.

**Hand deliveries:** Level 1, 68 Hay Street, Subiaco, WA 6008

**Postal Address:** GPO Box 2810, Perth, WA 6000

**Fax Number:** (08) 9380 9449

## **SYNDICATED METALS LIMITED**

**ABN 61 115 768 968**

### **EXPLANATORY MEMORANDUM**

#### **INTRODUCTION**

This Explanatory Memorandum has been prepared for the information of the shareholders of Syndicated Metals Limited ("**Company**"), in connection with the business to be conducted at the General Meeting of the Company to be held on Wednesday October 20<sup>th</sup> 2010 at 2pm at Level 1, 68 Hay Street, Subiaco, Western Australia 6008.

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Shareholders are specifically referred to the Glossary in this Explanatory Memorandum which contains definitions of capitalised terms used in the Notice of General Meeting and this Explanatory Memorandum.

#### **1. RESOLUTION 1 – GRANT OF OPTIONS TO MARTIN PYLE**

Martin Pyle was appointed Chairman of the Company on 24 May 2010. Mr Pyle has a broad range of experience gained over 23 years in the resources industry in Australia. He is highly regarded in the corporate finance markets both here and overseas having served as Corporate Finance Director initially at stockbroking firm Hartley Poynton Limited for six years and subsequently for a further six years at Hartleys Limited following the management buyout of the Perth Wealth Management Division in 2003. During this time he was responsible for the generation and execution of resources related equity raisings, mergers & acquisitions, corporate advisory and research. Most recently he has provided corporate advisory services to a number of junior resource companies and is a Director of Aurora Minerals Limited, Desert Energy Limited, Midwinter Resources NL and Eleckra Mines Limited.

Mr Pyle has a Bachelor of Science degree with First Class Honours in Geology and a Masters of Business Administration specialising in finance and accounting. His wide ranging industry experience encompasses mine and exploration geology, reserve and resource statement preparation and feasibility study analysis and corporate stockbroking as well as corporate advisory.

To recognise the appointment of Martin Pyle, the Company proposes to issue up to a total of 1,000,000 Class A Options (each with an exercise price of \$0.25 and an expiry date of 30 November 2014), 1,000,000 Class B Options (each with an exercise price of \$0.30 and an expiry date of 30 November 2014) and 1,000,000 Class C Options (each with an exercise price of \$0.35 and an expiry date of 30 November 2014) all for no consideration, to Martin Pyle or his nominee(s).

The Class A Options will vest immediately upon grant, the Class B Options will vest on 24 May 2011 and the Class C Options will vest on 24 May 2012. The full terms of the Class A Options, Class B Options and Class Options are set out in Annexures A, B and C to this Explanatory Memorandum, respectively.

The Class A Options, Class B Options and Class C Options will be issued as follows:

Director	Number of Class A Options	Number of Class B Options	Number of Class C Options	Total
Martin Pyle, or his nominee(s)	1,000,000	1,000,000	1,000,000	3,000,000

The issue of the Class A Options, Class B Options and Class C Options to the director Martin Pyle is to recognise and reward Martin Pyle's efforts to date on the Company's behalf as well as to provide additional incentive to continue these efforts for the benefit of the Company and its shareholders. The Class A Options, Class B Options and Class C Options form part of Martin Pyle's remuneration package.

Under the Company's current circumstances the Directors consider (in absence of Martin Pyle) that the incentives intended for Martin Pyle represented by the grant of these Options are a cost effective and efficient means for the Company to provide a reward and an incentive, as opposed to alternative forms of incentive, such as the payment of additional cash compensation.

The Company has a policy of offering Directors a share option package as part of their total remuneration, and is considered appropriate given the reduced pool of senior competent and industry experienced directors and the risk associated with being a director of a public company. Shareholders should note that for the reasons noted above, it is proposed to grant Class A Options, Class B Options and Class C Options to Martin Pyle notwithstanding the guidelines contained in Box 8.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* ("Principles") which states that non-executive directors should not receive Options.

The number of Class A Options, Class B Options and Class C Options to be granted to Martin Pyle has been determined based upon a consideration of:

- The remuneration of the Directors;
- The Directors wish to ensure that the remuneration offered is competitive with market standards. The Directors have considered the proposed number of Class A Options, Class B Options and Class C Options to be issued will ensure that Martin Pyle's overall remunerations is in line with market standards; and
- Incentives to attract and ensure continuity of service of directors who have appropriate knowledge and expertise.

In the event the Class A Options, Class B Options and Class C Option are exercised, the following amounts will need to be paid to the Company by Martin Pyle:

Director	Amount to be paid for Class A Options	Amount to be paid for Class B Options	Amount to be paid for Class C Options	Total amount to be paid
Martin Pyle, or his nominee(s)	\$250,000	\$300,000	\$350,000	\$900,000

The Company will therefore receive \$900,000 from Martin Pyle should all the Class A Options, Class B Options and Class C Options be exercised.

#### Related Party Transactions Generally

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a *related party* of the public company *unless* either:

1. The giving of the financial benefits falls within one of the nominated exceptions to the provision; or
2. Shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E of the Corporations Act, Martin Pyle is considered to be a related party of the Company.

Resolution 1 provides for the grant of Class A Options, Class B Options and Class C Options to Martin Pyle which is a financial benefit which requires shareholder approval.

#### Current Holdings

Set out below are details of the Participating Director's relevant interest in Shares of the Company as at the date of this Notice:

Director	Number of Shares
Martin Pyle, or his nominee(s)	970,000

Notes:

1. 10,000 Shares are held directly. 950,000 Shares are held indirectly by Martin Pyle as trustee for the M Pyle Superannuation Fund, and 10,000 Shares are held by Georgina Isla Pyle. Martin Pyle is a beneficiary of the M Pyle Superannuation Fund.

Set out below are details of Martin Pyle's relevant interest in Options of the Company as at the date of this Notice:

Director	Number of Options
Martin Pyle, or his nominee(s)	75,000

Notes:

1. Options are held indirectly by Martin Pyle as trustee for the M Pyle Superannuation Fund. The Options have an exercise price of \$0.20 and expire on 30 November 2011.

#### INFORMATION REQUIREMENTS

For the purposes of Chapter 2E of the Corporations Act the following information is provided.



***The related parties to whom the proposed resolutions would permit the financial benefit to be given:***

Subject to shareholder approval, the following maximum number of Class A Options, Class B Options and Class C Options will be issues to the following related parties or their respective nominees:

Director	Number of Class A Options	Number of Class B Options	Number of Class C Options	Total
Martin Pyle, or his nominee(s)	1,000,000	1,000,000	1,000,000	3,000,000

***The nature of the financial benefit***

The proposed financial benefit to be given is the issue of Class A Options, Class B Options and Class C Options for no consideration to Martin Pyle as noted above.

***Directors' recommendation***

All the Directors were available to make a recommendation. For the reasons noted above:

Directors Bruce McCullagh, Jan Hope, Russell Davis and Ki Deok Park (who have no interest in the outcome of Resolution 1) recommend that shareholders vote in favour of Resolution 1. Martin Pyle declines to make a recommendation about Resolution 1 as he has a material interest in the outcome of the Resolution as it relates to the proposal to the grant of Class A Options, Class B Options and Class C Options to him or his nominee(s).

***Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors.***

The proposed ordinary Resolution would have the effect of giving power to the Directors to issue up to a total of 3 million Options (being up to 1 million Class A Options, up to 1 million Class B Options and up to 1 million Class C Options) on the terms and conditions as set out in Annexures A, B and C to this Explanatory Memorandum respectively and as otherwise mentioned above.

The Company currently has 71,250,005 quoted Shares, 6, 950,000 quoted Options, and the following unquoted Options on issue:

Number	Exercise Price	Expiry Date
500,000	\$0.40	30 August 2011
8,000,000	\$0.30	3 September 2012
1,000,000	\$0.40	31 October 2012
600,000	\$0.25	30 November 2014
2,800,000	\$0.35	30 November 2014
2,800,000	\$0.45	30 November 2014
2,800,000	\$0.55	30 November 2014

**Total: 18,500,000**

If all Class A Options, Class B Options and Class C Options granted as proposed above are exercised, and assuming no existing Options issue have been exercised, the effect would be to dilute the share holding of existing shareholders by 4.05%. The market price of the Company's Shares during the period of the Class A Options, Class B Options and Class C Options will normally determine whether or not Martin Pyle exercises those Options.

At the time any Class A Options, Class B Options or Class C Options are exercised, and Shares are issued pursuant to the exercise of those Options, the Company Shares may be trading at a price which is higher than the exercise price of the Class A Options, Class B Options or Class C Options, as relevant.

Martin Pyle's fees per annum (including superannuation) and the total financial benefit to be received by him in this current period as a result of the grant of the Class A Options, Class B Options and Class C Options the subject of Resolution 1 is as follows:

Director	Fees p.a. (\$)	Value of Class A Options (\$)	Value of Class B Options (\$)	Value of Class C Options (\$)	Total Financial Benefit (\$)
Martin Pyle	54,500	71,000	68,000	65,000	258,500

The indicative option valuations of \$0.071, \$0.068 and \$0.065 are a theoretical valuation of each Class A Option, Class B Option and Class C Option respectively, using the Black and Scholes Option Pricing Model.

#### Valuation of Options

The Company's advisers have valued the Class A Options, Class B Options and Class C Options to be granted to the Participating Director using the Black & Scholes Model. The value of an option calculated by the Black & Scholes Model is the function of a number of variables. The valuations of the Class A Options, Class B Options and Class C Options have been prepared using the following assumptions:

Variable	Input for Class A Options	Input for Class B Options	Input for Class C Options
Share price	11 cents	11 cents	11 cents
Exercise price – cents	25	30	35
Risk Free Interest Rate	4.42%	4.42%	4.42%
Volatility	110%	110%	110%
Time (years to expire)	4.13	4.13	4.13

The Company's advisers have calculated the value of each Class A Option, Class B Option and Class C Option based on the following assumptions:

1. They have based the underlying value of each share in the Company on the Australian Securities Exchange closing price of 11 cents on 2 September 2010;
2. Risk free rate of return of 4.42% (estimated, based on the Australian government 5 year treasury bond rate); and
3. They used a volatility of the share price of 110% as determined from the daily movements in share price since the Company listed on the ASX on 13 December 2007, adjusted for abnormal trading.

Based on the assumptions, it is considered that the estimated value of the Class A Options, Class B Options and Class C Options to be granted to the Participating Directors are 7.1 cents, 6.8 cents and 6.5 cents per Class A Option, Class B Option and Class C Option, respectively.

Any change in the variables applied in the Black & Scholes calculation between the date of the valuation and the date the Class A Options, Class B Options and Class C Options are granted would have an impact on their value.

The following table gives details of the highest, lowest and latest closing prices of the Company's Shares trading on ASX over the past 12 months ending on 9 September 2010:

Highest Price (cents) / Date	Lowest Price (cents) / Date	Latest Price / Date
\$0.28 / 21 September 2009 and 14 October 2009	\$0.091 on 15 July 2010	\$0.105 on 9 September 2010

#### **Other Information**

Under the Australian Equivalent of IFRS, the Company is required to expense the value of the Class A Options, Class B Options and Class C Options in its statement of financial performance for the current financial year. Other than as disclosed in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the company or benefits foregone by the Company in granting the Class A Options, Class B Options and Class C Options pursuant to Resolution 1.

Neither the Directors nor the Company are aware of other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by the proposed resolutions.

#### **Listing Rule 10.11**

Listing Rule 10.11 requires shareholder approval by ordinary resolution to any issue by a listed company of securities to a related party. Accordingly, Listing Rule 10.11 requires shareholders to approve the grant of Class A Options, Class B Options and Class C Options to Martin Pyle.

### ***Additional Information***

The following information in relation to the Class A Options, Class B Options and Class C Options to be granted pursuant to Resolution 1 is provided to shareholders for the purposes of Listing Rule 10.13:

1. the Class A Options, Class B Options and Class C Options will be granted to Martin Pyle, or his nominee(s), as noted above;
2. the maximum number of Options to be granted is 3,000,000 (being up to 1 million Class A Options, up to 1 million Class B Options and up to 1 million Class C Options);
3. the Class A Options, Class B Options and Class C Options will be allotted and granted on one date which will be no later than 1 month after the date of this Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
4. the Class A Options, Class B Options and Class C options will be granted for no consideration;
5. no funds will be raised by the grant of the Class A Options, Class B Options and Class C Options; and
6. the terms and conditions of the Class A Options, Class B Options and Class C Options are set out in Annexures A, B and C to this Explanatory Memorandum respectively.

If approval is given for the grant of the Class A Options, Class B Options and Class C Options under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

## ANNEXURE A

### Syndicated Metals Limited

#### TERMS AND CONDITIONS OF CLASS A OPTIONS

1. Each option entitles the holder to subscribe for one ordinary share in Syndicated Metals Limited ACN 115 768 986 ("**Company**").
2. The exercise price of the options is \$0.25 each ("**Exercise Price**")
3. The options will lapse at 5.00pm, Western Standard Time on November 30<sup>th</sup> 2014 ("**Expiry Date**").
4. There are no participating rights or entitlements inherent in the options and holders of the options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the options.
5. Optionholders have the right to exercise their options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company, made during the currency of the options.
6. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of issued capital of the Company, the options will be re-organised as required by the Listing Rules of the Australian Securities Exchange, but in all other respects the terms of exercise will remain unchanged.
7. The options shall be exercisable at any time on or before the Expiry Date by the delivery to the registered office of the Company of a notice in writing stating the intention of the optionholder to exercise all or a specified number of options held by them accompanied by an Option Certificate and a cheque made payable to the Company for the subscription monies for the shares. The notice and cheque must be received by the Company during the exercise period. An exercise of only some options shall not affect the rights of the optionholders to the balance of the options held by him or her.
8. The Company shall allot the resultant shares and deliver a statement of shareholdings with a holders identification number within 5 business days of exercise of the options.
9. The shares allotted shall rank, from date of allotment, equally with the existing ordinary shares of the Company in all respects.
10. There is no right to change the exercise price of options, nor the number of underlying fully paid ordinary shares over which the options can be exercised, if the Company completes any bonus or pro rata issue.

## ANNEXURE B

### Syndicated Metals Limited

#### TERMS AND CONDITIONS OF CLASS B OPTIONS

1. Each option entitles the holder to subscribe for one ordinary share in Syndicated Metals Limited ACN 115 768 986 ("Company").
2. The exercise price of the options is \$0.30 each ("Exercise Price").
3. The options will lapse at 5.00pm, Western Standard Time on November 30<sup>th</sup> 2014 ("Expiry Date").
4. There are no participating rights or entitlements inherent in the options and holders of the options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the options.
5. Optionholders have the right to exercise their options, after vesting, prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company, made during the currency of the options.
6. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of issued capital of the Company, the options will be re-organised as required by the Listing Rules of the Australian Securities Exchange, but in all other respects the terms of exercise will remain unchanged.
7. The options shall be exercisable at any time, after vesting, on or before the Expiry Date by the delivery to the registered office of the Company of a notice in writing stating the intention of the optionholder to exercise all or a specified number of options held by them accompanied by an Option Certificate and a cheque made payable to the Company for the subscription monies for the shares. The notice and cheque must be received by the Company during the exercise period. An exercise of only some options shall not affect the rights of the optionholders to the balance of the options held by him or her.
8. The Company shall allot the resultant shares and deliver a statement of shareholdings with a holders identification number within 5 business days of exercise of the options.
9. The shares allotted shall rank, from date of allotment, equally with the existing ordinary shares of the Company in all respects.
10. There is no right to change the exercise price of options, nor the number of underlying fully paid ordinary shares over which the options can be exercised, if the Company completes any bonus or pro rata issue.
11. Subject to condition 12, the options will vest on May 24<sup>th</sup> 2011.
12. Notwithstanding condition 11, all options may be exercised by the Optionholder in the event a takeover bid (as defined in the Corporations Act 2001) to acquire any shares becomes or is declared to be unconditional, irrespective of whether the takeover bid extends to shares issued and allotted after the date of the takeover bid or not, or, at any time after a Change of Control Event has occurred, or, if a merger by way of a scheme of arrangement under the Corporations Act 2001 has been approved by the Court under section 411(4)(b) of the Corporations Act 2001.

For the purposes of these terms and conditions, a "**Change of Control Event**" shall mean a shareholder, or group of associated shareholders, being entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in a general meeting, to replace all or a majority of the board of directors of the Company.

## ANNEXURE C

### Syndicated Metals Limited

#### TERMS AND CONDITIONS OF CLASS C OPTIONS

1. Each option entitles the holder to subscribe for one ordinary share in Syndicated Metals Limited ACN 115 768 986 ("Company").
2. The exercise price of the options is \$0.35 each ("Exercise Price").
3. The options will lapse at 5.00pm, Western Standard Time on November 30<sup>th</sup> 2014 ("Expiry Date").
4. There are no participating rights or entitlements inherent in the options and holders of the options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the options.
5. Optionholders have the right to exercise their options, after vesting, prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company, made during the currency of the options.
6. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of issued capital of the Company, the options will be re-organised as required by the Listing Rules of the Australian Securities Exchange, but in all other respects the terms of exercise will remain unchanged.
7. The options shall be exercisable at any time, after vesting, on or before the Expiry Date by the delivery to the registered office of the Company of a notice in writing stating the intention of the optionholder to exercise all or a specified number of options held by them accompanied by an Option Certificate and a cheque made payable to the Company for the subscription monies for the shares. The notice and cheque must be received by the Company during the exercise period. An exercise of only some options shall not affect the rights of the optionholders to the balance of the options held by him or her.
8. The Company shall allot the resultant shares and deliver a statement of shareholdings with a holders identification number within 5 business days of exercise of the options.
9. The shares allotted shall rank, from date of allotment, equally with the existing ordinary shares of the Company in all respects.
10. There is no right to change the exercise price of options, nor the number of underlying fully paid ordinary shares over which the options can be exercised, if the Company completes any bonus or pro rata issue.
11. Subject to condition 12, the options will vest on May 24<sup>th</sup> 2012.
12. Notwithstanding condition 11, all options may be exercised by the Optionholder in the event a takeover bid (as defined in the Corporations Act 2001) to acquire any shares becomes or is declared to be unconditional, irrespective of whether the takeover bid extends to shares issued and allotted after the date of the takeover bid or not, or, at any time after a Change of Control Event has occurred, or, if a merger by way of a scheme of arrangement under the Corporations Act 2001 has been approved by the Court under section 411(4)(b) of the Corporations Act 2001.



For the purposes of these terms and conditions, a "**Change of Control Event**" shall mean a shareholder, or group of associated shareholders, being entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in a general meeting, to replace all or a majority of the board of directors of the Company.

## GLOSSARY

"**ASX**" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

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

"**Company**" means Syndicated Metals Limited ABN 61 115 768 986

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

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

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

"**Explanatory Memorandum**" means this explanatory memorandum.

"**Listing Rules**" means the Listing Rules of the ASX.

"**Meeting**" means the annual general meeting the subject of the Notice.

"**Notice**" means the notice of annual general meeting which accompanies this Explanatory Memorandum.

"**Option**" means an option to acquire a Share.

"**Resolution**" means a resolution proposed pursuant to the Notice.

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