



Zamia Metals Limited

ACN 120 348 683

Notice of Annual General Meeting and Explanatory Memorandum

Date: Tuesday 29 November 2016
Time: 3.00 pm (AEDT)
Place: Hall Chadwick
Level 40,
2 Park Street
Sydney NSW 2000

THIS DOCUMENT IS IMPORTANT

This Notice of Meeting and Explanatory Memorandum should be read in its entirety. If you do not understand this document or are in any doubt as to how to deal with it, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately.

Chairman's Letter to Shareholders



Suite 60, Level 6 Tower Building
Chatswood Village
47-53 Neridah Street
Chatswood NSW 2067
T: + 61 2 8223 3744
F: + 61 2 8223 3799
E: info@zamia.com.au
www.zamia.com.au

21 October 2016

Dear Shareholder

I am pleased to enclose with this letter the Notice of Meeting for the tenth Annual General Meeting (AGM) of Zamia Metals Limited. The Notice of Meeting includes an Explanatory Memorandum.

The meeting will commence at 3.00pm (AEDT) on 29 November 2016 at the offices of Hall Chadwick, Level 40, 2 Park Street, Sydney.

The business of the meeting is to consider:

- the Company's Financial Statements and Reports for year ended 30 June 2016
- for approval, the Remuneration Report for the year ended 30 June 2016
- the re-election of Directors, Mr Andrew Skinner and Dr Ken Maiden
- ratification of prior issue of shares

I recommend that you read the attached documents in their entirety and record your vote in favour of all resolutions on which you are entitled to record a vote. Alternatively, we would welcome your attendance at the AGM to participate in the voting on the resolutions and to have the opportunity to raise questions at the meeting.

I also enclose with this Notice of Meeting a copy of our recent ASX Release, "Acquisition of Coal Mining Business & Capital Raising", (this can also be found on our website). A separate Notice of Meeting with a complete Explanatory Memorandum will be sent to all shareholders as soon as completed and all regulatory approvals obtained. The binding share sale and purchase agreement (subject to conditions) for all of the issued capital in Kirkham International Pte Limited (Kirkham), that owns, via subsidiaries, a mining permit for a coal mine on the island of Central Kalimantan, Indonesia, will allow the combined group to commence mining operations with the anticipation of positive cash flow in the first quarter of 2017.

The Company has also raised \$250,000 in a debt facility which will be converted into ordinary shares (subject to various conditions) that will provide working capital to be used primarily to meet costs related to the transaction with Kirkham. The recent increase in the coking coal price reinforces the attraction of this transaction for all shareholders.

Please do not hesitate to contact our Company Secretary or me if you have any questions.

Yours sincerely

A handwritten signature in black ink, appearing to read "Andrew Skinner".

Andrew Skinner
Chairman

Notice of Annual General Meeting

Notice is given that an Annual General Meeting of the Shareholders of **Zamia Metals Limited (Zamia or Company)** will be held to conduct the business specified below:

Location: Hall Chadwick, Level 40, 2 Park Street, Sydney NSW 2000

Date: Tuesday 29 November 2016

Time: 3.00 pm (AEDT)

The Explanatory Memorandum accompanying this Notice provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Memorandum forms part of this Notice and should be read in conjunction with it. We refer Shareholders to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used in this Notice and the Explanatory Memorandum.

Agenda

A. Financial Statements and Reports

To receive and consider the Financial Report, the Directors' Report and Auditor's Report for the year ended 30 June 2016.

The Company's Financial Report, Directors' Report and Auditor's Report contained in the Report to Shareholders are placed before the Meeting, providing Shareholders an opportunity to discuss those documents and ask questions, though there is no requirement that Shareholders approve these reports. The auditor will be attending the Annual General Meeting and will be available to answer any questions relevant to the conduct of the audit and the preparation and content of the Auditor's Report.

B. Resolutions

To consider, and if thought fit, to pass the following Resolutions as **ordinary resolutions**:

1. Adopt the Remuneration Report for the year ended 30 June 2016

"That the Remuneration Report for the year ended 30 June 2016 be adopted."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 1 by, or on behalf of:

- a member of the KMP (Key Management Personnel); and
- their Closely Related Parties,

unless the vote is cast:

- as a proxy for a person entitled to vote in accordance with a direction on the proxy form; or
- by the person chairing the Meeting as proxy for a person who is entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

2. Re-election of Andrew Skinner as Director

"That, for the purposes of clause 75.1(b) of the Constitution, Listing Rule 14.4 and for all other purposes, Andrew Skinner, a Director appointed on 1 August 2006, retires and, being eligible, is re-elected as a Director."

3. Re-election of Ken Maiden as a Director

“That, for the purposes of clause 75.1(b) of the Constitution, Listing Rule 14.4 and for all other purposes, Ken Maiden, a Director appointed on 21 May 2007, retires and, being eligible, is re-elected as a Director.”

4. Ratification of prior issue of Shares and Options

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

“That for the purposes of Listing Rule 7.4 of the Listing Rules of the Australian Securities Exchange Limited and for all other purposes, approval is given for the issue of 42,100,000 fully paid ordinary shares and 21,050,000 options in the capital of the Company to Sophisticated Investors, made on 1 March 2016 and 17 March 2016.”

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 4 by a person who participated in the issue.
The Company will also disregard any votes cast on Resolution 4 by an associate of that person (or those persons).

However, the Company need not disregard a vote if:

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

Dated:

By order of the Board



John Stone
Company Secretary

Voting and Proxies

Voting

The Company has determined, in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), that Shareholders recorded on the Company's register at 7.00 pm (AEDT) on Sunday 27 November 2016 will be entitled to attend and vote at the Meeting. If you are not a registered Shareholder on the Record Date, you will not be entitled to attend and vote at the Meeting.

If you cannot attend the Meeting in person, we encourage you to sign and return the accompanying proxy form in accordance with the instructions set out below and those set out on the proxy form.

Proxies

A Shareholder who is entitled to attend and vote at the Annual General Meeting may appoint up to two proxies to attend and vote on behalf of that Shareholder.

If a Shareholder appoints two proxies, the appointment of the proxies must specify the proportion or the number of that Shareholder's votes that each proxy may exercise. If the appointment does not so specify, each proxy may exercise half of the Shareholder's votes.

Where a Shareholder appoints more than one proxy, only the first named proxy is entitled to vote on a show of hands.

A proxy need not be a Shareholder.

A proxy may decide whether to vote on any Resolution, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on a Resolution, the proxy may vote on that Resolution only in accordance with the direction. If a proxy is not directed how to vote on a Resolution, the proxy may vote as he or she thinks fit (unless the proxy is the Chairman, in which case the Chairman will vote in favour of the Resolution, subject to the below).

Appointing a member of KMP

A Shareholder wishing to appoint a member of KMP or a Closely Related Party of any member of KMP as proxy should note that the KMP or Closely Related Party will not be able to vote undirected proxies on Resolution 1. That is, the Shareholder must direct them how to vote by marking the boxes on the proxy form for Resolution 1, otherwise that Shareholder's vote will not be counted for the purposes of Resolution 1.

Appointing the Chairman

If the Shareholder appoints the Chairman of the Meeting as proxy, the Shareholder can direct the Chairman how to vote by either marking the relevant boxes on the proxy form (ie. 'for', 'against' or 'abstain') **or** by marking the Chairman's voting direction box on the proxy form (which will be considered as an express direction to the Chairman to vote in favour of each Resolution even though Resolution 1 is connected directly with the remuneration of a member of KMP and/or even if the Chairman has an interest in the outcome of Resolution 1).

If no direction is provided and the Chairman's voting box is not marked (or if the direction is to 'abstain') the Chairman will not be able to cast the Shareholder's votes on Resolution 1 and those votes will not be counted in calculating the required majority on a poll.

In respect of Resolutions 2 to 4, if a Shareholder appoints the Chairman as the Shareholder's proxy and does not specify how the Chairman is to vote on a Resolution, the Chairman will vote the Shareholder's Shares in favour of that Resolution on a poll.

Returning proxies and authorising documents

To be effective, the Company must receive the completed proxy form and, if the form is signed by the Shareholder's attorney, the authority under which the proxy form is signed (or a certified copy of the authority) by no later than 3.00 pm (AEDT) on Sunday 27 November 2016.

Proxies may be only lodged with the Company's share registry:

- (a) by mail or delivery to:
Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000
- (b) by facsimile: 61 (0) 2 9290 9655
- (c) by online: www.votingonline.com.au/zgmagm2016

Directed Proxies

The Corporations Act sets out how a proxy must vote directed proxies. If a proxy form specifies the way a proxy is to vote on a resolution, then:

- a proxy need not vote on a show of hands, but if the proxy does vote, the proxy must vote as directed;
- if a proxy is appointed by two or more Shareholders who specify different ways to vote on a resolution, the proxy must not vote on a show of hands;
- if the proxy is the Chairman, the proxy must vote as directed on a poll;
- if the proxy is not the Chairman, the proxy need not vote on a poll, but if the proxy does vote, the proxy must vote as directed; and
- if the proxy is not the Chairman and does not attend the Annual General Meeting or does not vote on a Resolution, but the proxy form specifies how to vote and a poll is demanded, then the Chairman is taken to have been appointed as the proxy and must vote as directed.

Power of Attorney

A Shareholder's attorney may sign the Shareholder's proxy form on behalf of the Shareholder. By signing the proxy form, the Shareholder's attorney confirms that the authority under which he or she executed the proxy form has not been revoked.

If the Shareholder's attorney signs the proxy form, then the attorney must, when it sends the proxy form to the Company, also send the authority (or a certified copy of the authority) under which the proxy form was signed. Each of the proxy form and authority must be received at least forty eight (48) hours before the Annual General Meeting.

Bodies Corporate

Proxies given by corporate Shareholders must be executed in accordance with their constitutions, or signed by two directors, a director and the company secretary, a duly authorised officer or attorney.

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at the Annual General Meeting. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise on behalf of the appointing body all of the powers that the appointing body could exercise at the Annual General Meeting or in voting on a resolution.

Questions

If you have any questions about any matter contained in the Notice of Meeting or Explanatory Memorandum, please contact the Company Secretary, John Stone on +61 (2) 8223 3744 or at info@zamia.com.au.

Explanatory Memorandum

Explanatory Memorandum

This Explanatory Memorandum is dated 21 October 2016.

This Explanatory Memorandum explains and contains information about the Resolutions set out in the accompanying Notice of Meeting. This Explanatory Memorandum is designed to assist Shareholders in determining how they wish to vote on the Resolutions.

This Explanatory Memorandum forms part of, and should be read together with, the Notice of Meeting.

All Resolutions are ordinary resolutions and are not dependent on any other Resolution.

If you are in doubt about what to do in relation to the Resolutions, you should consult your financial or other professional advisor.

Capitalised terms used in this Explanatory Memorandum are defined in the Glossary.

Forward Looking Statements

Certain statements in this Explanatory Memorandum relate to the future. These statements reflect the views held by the Board as at the date of this Explanatory Memorandum.

While the Company believes that the expectations reflected in the forward looking statements are reasonable, neither the Company nor any other person gives any representation, assurance or guarantee that the occurrence of an event expressed or implied in any forward looking statements in this Explanatory Memorandum will actually occur.

RESOLUTION 1 – TO ADOPT THE REMUNERATION REPORT FOR THE PERIOD ENDED 30 JUNE 2016

The Remuneration Report, which details the Company's policy on the remuneration of Directors and senior executives, is set out on pages twenty five (25) to twenty seven (27) of the Report to Shareholders. It is also available on the Company's website at: www.zamia.com.au.

The Remuneration Report:

- describes the policies behind, and the structure of, the remuneration arrangements of the Company; and
- sets out the remuneration arrangements in place for Directors and other members of KMP.

Section 250R(2) of the Corporations Act requires the Company to put a resolution to the Annual General Meeting that the Remuneration Report be adopted. The outcome of the vote on Resolution 1 is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

At the Meeting, the Chairman must allow a reasonable opportunity for Shareholders to ask questions about and make comments on the Remuneration Report as well as the remuneration policies of the Company generally.

Pursuant to the Corporations Act:

- the Company is required to disregard any votes cast on Resolution 1 by any member of KMP and their Closely Related Parties, except where the member of KMP or their Closely Related Parties are voting in accordance with a directed proxy; and
- a 'two-strike' process in relation to the advisory and non-binding vote on the Remuneration Report has been introduced. Under the 'two-strike' process, if, at two consecutive annual general meetings, at least 25% of the votes cast on a resolution in relation to the adoption of the Company's remuneration report are against the adoption of the relevant remuneration report, at the second of these annual general meetings, the Company must put to the vote a resolution that another general meeting be held within 90 days (of the date of the second annual general meeting) at which all of the Directors, who were Directors when the 25% 'no' vote was passed at the second annual general meeting, must stand for re-election.

The Company's 2015 remuneration report did not receive a 'strike' at the Company's 2015 annual general meeting.

Board Recommendation: *Noting that each Director has a personal interest in their own remuneration, the subject of Resolution 1, the Board does not consider it appropriate to make a recommendation to Shareholders in relation to voting on Resolution 1.*

RESOLUTION 2 – RE-ELECTION OF ANDREW SKINNER AS A DIRECTOR

Clause 75.1(b) of the Constitution requires that one third of the Directors retire by rotation at the annual general meeting of the Company.

Listing Rule 14.4 states that a Director must not hold office (without re-election) past the third annual general meeting following the Director's appointment or three years, whichever is longer.

Andrew Skinner, MEd, (Prof. Accg.), Master of Corp. Gov., Dip. Of Prop Dev, CPA, AICD, is the Chairman-Chief Executive of the Company and has been a founding Director since 1 August 2006.

Andrew qualified as a Chartered Accountant in 1986 with Price Waterhouse Coopers and commenced a specialisation in superannuation law and practice. He works extensively in business structuring and tax advice. In 2004 Andrew was the founding director of Augur Resources Ltd which went on to list on the ASX (AUK). He was also a founding director of Dome Gold Mines Ltd (DME) that listed on the ASX in 2013. Currently, Andrew is Principal of Andrew Skinner & Associates Pty Ltd a CPA Public Practice based in Chatswood. Andrew is also a Justice of the Peace and a Registered Tax Agent.

Andrew is a Sessional Lecturer at Macquarie University in the School of Accounting and Corporate Governance teaching in the fields of Enterprise Risk Management, Sustainability Reporting, Business Ethics and Corporate Governance. He has also taught Leading Organisation Change at the UBSS Business School in their Master of Business Administration Degree. Andrew has recently been appointed to the Academic Board of the Churchill Institute of Higher Education in recognition of his accounting and academic achievements.

Andrew Skinner retires in accordance with the Constitution and the Listing Rules and, being eligible for re-election, offers himself for re-election at the Meeting.

The Chairman of the Meeting intends to vote all available proxies in favour of this Resolution.

Board Recommendation: *The Directors (other than Andrew Skinner) recommend that Shareholders vote in favour of Resolution 2.*

RESOLUTION 3 – RE-ELECTION OF KEN MAIDEN AS A DIRECTOR

Clause 75.1(b) of the Constitution requires that one third of the Directors retire by rotation at the annual general meeting of the Company.

Listing Rule 14.4 states that a Director must not hold office (without re-election) past the third annual general meeting following the Director's appointment or three years, whichever is longer.

Ken Maiden, BSc, PhD, FAusIMM, MAIG, has been a Director since 21 May 2007 and is a founding shareholder of the Company.

Since completing a doctoral thesis on the Broken Hill orebody, Ken has had 42 years professional experience - as an exploration geologist with major resource companies (CSR and MIM), as an academic (University of the Witwatersrand, Johannesburg) and as a mineral exploration consultant. More recently, Ken has established mineral exploration companies in Southern Africa and Northwest Queensland, and is a founding director of International Base Metals Limited. Ken has participated in successful base metal exploration programmes in South Australia, Queensland, Namibia, Botswana and Indonesia.

The Chairman of the Meeting intends to vote all available proxies in favour of this Resolution

Board Recommendation: *The Directors (other than Ken Maiden) recommend that Shareholders vote in favour of Resolution 3.*

RESOLUTION 4 – RATIFY PRIOR ISSUE OF SHARES and OPTIONS ON 1 MARCH 2016 and 17 MARCH 2016

Listing Rule 7.1 provides that (subject to certain exceptions) prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

The issue of Shares detailed in Resolution 4 did not exceed the 15% limit referred to above.

Listing Rule 7.4 provides that where a company ratifies an issue of securities, the issue will be treated as having been made with approval for the purpose of Listing Rule 7.1, thereby refreshing the company's 15% capacity and enabling it to issue further securities up to that limit.

Resolution 4 proposes that Shareholders ratify and approve the allotment and issue of Shares and Options for the purpose of satisfying the requirements of Listing Rule 7.4. Parties which have been issued those shares and options are excluded from voting.

In accordance with Listing Rule 7.5, the following information is provided to shareholders in relation to Resolution 4:

- 32,100,000 Fully Paid Ordinary Shares were issued at 0.5 cents per Share on 1 March 2016 and 10,000,000 Fully Paid Ordinary Shares were issued at 0.5 cents per Share on 17 March 2016.

16,050,000 unlisted Options were issued on 1 March 2016 and 5,000,000 unlisted Options were issued on 17 March 2016. The unlisted Options are exercisable at one (1) cent per Share expiring 31 December 2017.
- The Options were issued for nil consideration as a free attaching option on the basis of one (1) option for each two (2) shares issued.
- The Shares and Options were issued to sophisticated and professional investors who were clients of Paradigm Securities Pty Ltd.
- The ordinary Shares rank equally in all respects with the Company's ordinary Shares on issue.
- The terms of the Options are contained in Annexure A to this Explanatory Memorandum
- The funds are being used for working capital purposes including continuation of the current drilling exploration programme on the Company's tenements.
- In the event that the Options are exercised, funds raised will be used for working capital purposes and exploration activities.
- The Company will disregard any votes cast on Resolution 4 by the sophisticated investors who received ordinary Shares and Options in accordance with this resolution.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; and
- 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

Glossary

In the Notice of Meeting and Explanatory Memorandum, unless the context otherwise requires:

Annual General Meeting or **Meeting** means the Annual General Meeting of the Company convened for the purposes of considering the Resolutions to be held at Hall Chadwick, Level 40, 2 Park Street, Sydney NSW 2000, Sydney on Tuesday 29 November 2016 at 3.00pm (AEDT).

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Securities Exchange.

Board means the Directors of the Company.

Closely Related Party is defined in the Corporations Act and includes a spouse, dependent and certain other close family members, as well as any companies controlled by key management personnel.

Company or **Zamia** means Zamia Metals Limited ACN 120 348 683.

Constitution means the constitution of the Company.

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

Director means a director of the Company.

Explanatory Memorandum means the explanatory memorandum attached to this Notice of Meeting.

KMP means the key management personnel of the Company (which includes each of the Directors and executives named in the Company's 2014 Remuneration Report).

Listing Rules means the listing rules of the ASX.

Notice or **Notice of Meeting** means the notice of meeting which accompanies the Explanatory Memorandum.

Option means an option to acquire a Share.

Record Date means 7.00pm (Sydney time) on Sunday 27 November 2016 being the date on which a Shareholder must be recorded on the Company's register in order to be entitled to attend and vote at the Meeting.

Report to Shareholders means the Annual Report of the Company for the year ended 30 June 2016.

Resolution means a resolution referred to in the Notice.

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

Shareholder means a holder of a Share

Annexure A – Terms of Options

- (a) Each Option entitles the holder to one Share in the capital of the Company.
- (b) The Options are to be exercised by completing an Option exercise form and providing payment for the number of Shares in respect of which the Options are exercised, to the registered office of the Company.
- (c) The exercise price of the Options is one (1) cent each and the Options expire on 31 December 2017 (**Expiry Date**).
- (d) The Options are not transferable.
- (e) All Shares issued upon exercise of Options will rank pari passu in any respects with the Company's then issued Shares. The Company will apply for Official Quotation by the ASX of all Shares issued upon exercise of Options.
- (f) There are no participating rights and entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising their Options. However, the Company will ensure that option holders will be allowed ten business days notice to convert their Options to Shares to participate in an entitlement issue on the same basis as Shareholders.
- (g) If any takeover bid (including by way of scheme of arrangement or otherwise) is publicly announced in respect of the Company, then the following provisions apply in relation to the takeover bid:
 - (i) the Company must promptly give written notice of the takeover bid to the option holder whereupon all Options (which have not lapsed or expired), notwithstanding anything to the contrary, must be exercised at any time prior to the expiry of the later of:
 - A. 60 days after receiving such notice; and
 - B. the date that a takeover bid (which is recommended for acceptance by the Board) becomes unconditional,("Takeover Exercise Period") or, if applicable, within the further seven day period referred to in (iv) below.
 - (ii) The dates referred to in paragraph (g)(i)(A) and (B) above only apply where they occur before the Expiry Date. For the avoidance of doubt, where the Expiry Date occurs before a date referred to in (g)(i)(A) or (B), the Options must be exercised on or before the Expiry Date.
 - (iii) If, during the Takeover Exercise Period, the person making the takeover bid ("bidder") offers to grant options in the capital of the bidder ("Replacement Options") to the option holder (and, for the avoidance of doubt, this does not obligate the Company in any way to procure such an offer from the bidder) in consideration for the cancellation or acquisition of the Options, the option holder may, in their discretion, accept such Replacement Options instead of exercising their Options.
 - (iv) If no offer of Replacement Options is made during the Takeover Exercise Period and accepted, the option holder has (other than in the case of a scheme of arrangement) a further seven days' grace after the expiry of the Takeover Exercise Period within which to exercise their Options (Grace Period), whereupon unexercised Options will lapse. For the avoidance of doubt, where the Expiry Date occurs before the end of the Grace Period, the Options must be exercised on or before the Expiry Date. In the case of a scheme of arrangement, the Options will lapse at the end of the Takeover Exercise Period.
 - (v) If the takeover bid lapses or is withdrawn or closes without being recommended for acceptance by the Board, whether the bid is conditional or unconditional, then the provisions of all the paragraphs hereof will revive in respect of any unexercised Options which Options will remain on foot.
- (h) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date of the Options, the number of Options or the exercise price of the Options, or both, shall be reconstructed in accordance with the Listing Rules.
- (i) Adjustment for bonus issues

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment):

(i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the option holder would have received if the option holder had exercised the Option before the record date for the bonus issue; and

(ii) no change will be made to the exercise price of the Options.

(j) Adjustment for pro rata issue

If the Company makes a pro rata issue of Shares or other securities to existing Shareholders (other than a bonus issue or an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the exercise price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = \frac{O - E [P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the five trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.



All Correspondence to:

- By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- By Fax:** +61 2 9290 9655
- Online:** www.boardroomlimited.com.au
- By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 3:00pm (AEDT) on Sunday 27 November 2016.**

TO VOTE ONLINE

- STEP 1:** VISIT www.votingonline.com.au/zgmagm2016
- STEP 2:** Enter your Postcode OR Country of Residence (if outside Australia)
- STEP 3:** Enter your Voting Access Code (VAC):

BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the 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 your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

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

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **3:00pm (AEDT) on Sunday, 27 November 2016.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- Online** www.votingonline.com.au/zgmagm2016
- By Fax** + 61 2 9290 9655
- By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Your Address
This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Zamia Metals Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **Hall Chadwick, Level 40, 2 Park Street, Sydney NSW 2000 on Tuesday, 29 November 2016 at 3:00pm (AEDT)** and at any adjournment of that meeting, to act 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.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 1, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolution 1 is connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolution 1). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS
* 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 vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	To Adopt the Remuneration Report for the year ended 30 June 2016	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Andrew Skinner as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Ken Maiden as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of prior issue of Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SHAREHOLDERS
This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name..... Contact Daytime Telephone..... Date / / 2016



11 October 2016

The Manager
Company Announcements
Australian Securities Exchange
Level 4,
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

By electronic lodgement

Acquisition of Coal Mining Business and Associated Capital Raising

Zamia Metals Limited (ASX: ZGM) (**Zamia** or the **Company**) is pleased to announce that it has entered into a binding share sale and purchase agreement (subject to conditions) in respect of all of the issued capital in Kirkham International Pte Limited (**Kirkham**), that owns, via subsidiaries, a mining permit for a coal mine on the island of Central Kalimantan, Indonesia.

The Company has also raised \$250,000 in a debt facility which will be converted into ordinary shares (subject to various conditions) that will provide working capital to be used primarily to meet costs related to the transaction with Kirkham.

Highlights

- Acquisition of all of the shares in Kirkham.
- Through its 95% owned subsidiary, Kirkham holds a mining permit for coal in Indonesia with total area 4,798 hectares (the **Coal Concession**). The Coal Concession is located in the coking coal province of Central Kalimantan, Indonesia, and is surrounded by a number of operating coking coal mines. The remaining 5% is owned by Indonesian interests.
- The Coal Concession has been held since 2005 during which time baseline exploration activities, drilling, mining assessments and mining activities have been conducted.
- Initial mining has been in progress since April 2015 as part of the preliminary "South Pit" development, prior to a larger development occurring in the "North Pit".
- Further exploration will occur over the forthcoming 12 months as only 5% of the Coal Concession has been explored.
- The purchase price of \$24,300,000 for the shares in Kirkham is to be satisfied by the issue of ordinary shares in the Company to the shareholders of Kirkham (or their nominees). Kirkham has issued a Bond of US\$7.6 million that is due for repayment on 30 June 2018 and which was used to develop the Coal Concession. This Bond is listed on the Singapore stock exchange and is not convertible.
- To fund working capital, the Company plans to undertake a rights issue of ordinary shares to shareholders or other capital raising of at least \$2.5 million (**Capital Raising**). Gleneagle Securities (Aust) Pty Limited has agreed to underwrite the rights issue, subject to terms and conditions that are customary for such an underwriting including all existing director and shareholder loans to be converted into ordinary shares pursuant to the underwriting and the completion of formal documentation.
- The transaction is conditional on Zamia shareholder approval, successful completion of the Capital Raising and re-compliance with Chapters 1 & 2 of the ASX Listing Rules by



the Company.

About Kirkham

Overview

Kirkham International is the owner of 95% of PT Borneo Coal Indonesia (**BPCI**), an Indonesian coal mining company, which holds an *IUP Operasi Produksi* (IUP) (operation and production permit) for the production of coal in an area of 4,798 hectares in Central Kalimantan, Indonesia.

The Mine

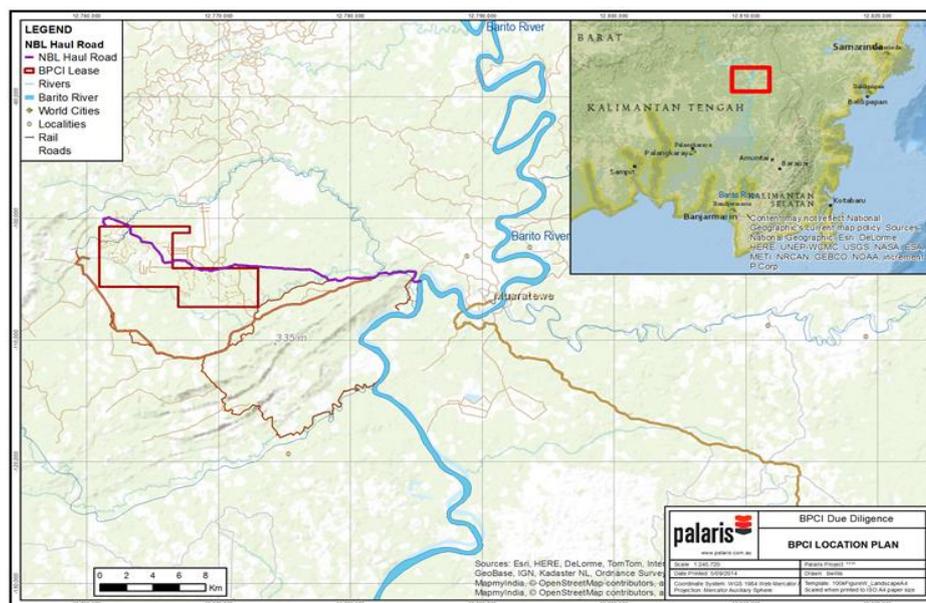
The mine is located in the Barito Basin on the island of Borneo in Central Kalimantan, Indonesia which accounts for over half of the known coal reserves in Indonesia, approximately 32 kilometres from the Barito River, downriver from Muara Teweh. The Barito Basin occupies a substantial portion of Central Kalimantan and the western part of South Kalimantan. It is bound to the west by the Sunda Shield and to the east by an up-thrust belt of basement rocks which form the Meratus Range.

The coal can be sold domestically or transported by barge to the transhipment port at Taboneo in South Kalimantan for loading onto Panamax / Handymax vessels. BPCI has secured the use of an existing haul road and a barge loading facility from a neighbouring mine.

The geological sequence in the Barito Basin comprises mostly shallow shelf marine deposits, although terrestrial sequences containing coal occur at the base and top of the basin. Unconformably overlying the uppermost coal sequence are 800 metres of sediments from the Upper Miocene age to the Pliocene age.

Coal seams occur in the Karamuan Formation from the Oligocene age, likely an equivalent of the Montalat formation. This regional geology suggests that there is potential for the Karamuan Formation to approach another zone of subcrop east of the current area, and for underlying Warukin / Tanjung Formation seams to be exposed.

The following map shows the location of the mine and the haul road to the Barito River:



The mine is divided into two pits, the North Pit and the South Pit. Mining commenced in the South Pit in April 2015, but was halted due to adverse weather conditions in late 2015.



Mining will recommence shortly in the North Pit at a stripping ratio of 10.1:1, with the South Pit to be mined in parallel at a smaller scale. The mine is expected to produce medium to high volatile coking coal.

Exploration

Currently, exploration activities have only focused on an area of 306 hectares located in the northwest corner of the IUP area, which represents only 5% of the total. This explored area has substantial mapped coal outcrops and hence was the easiest target for exploration. The remaining area of the IUP area remains relatively unexplored and could provide a substantial upside (based on the known regional geology).

The Board believes that the acquisition of Kirkham presents an excellent opportunity for shareholders to participate in an exciting transitional phase of the Company as it looks to acquire a business with strong management in the coal industry that could potentially create Shareholder value in the Company.

Transaction terms

The Company will convene a meeting of shareholders to approve a number of resolutions relevant to the Kirkham acquisition. These resolutions will be detailed in the Notice of Meeting that will be despatched to shareholders. The key transaction terms are as follows:

- the Company will undertake a share and option consolidation of 1:10;
- the Company will undertake a Capital Raising with priority to existing shareholders to raise at least \$2.5 million by the issue of ordinary shares at \$0.03 per share (post consolidation). Gleneagle Securities (Aust) Pty Limited has confirmed its intention to underwrite this issue (subject to formal documentation being entered into);
- the purchase price of \$24,300,000 to be effected by the allotment of 607,500,000 ordinary shares in Zamia (post a 1 for 10 consolidation) at a post consolidation issue price of \$0.04 per share;
- an Employee Share Option Plan will be implemented, subject to obtaining shareholder approval;
- subject to the Kirkham transaction proceeding, the current board of Zamia with the exception of Andrew Skinner, who will remain as Executive Chairman, will resign and be replaced by two nominees from Kirkham and an independent director; and
- the transaction is subject to a number of conditions precedent being satisfied or waived including: Zamia shareholder approval as required by the Corporations Act and ASX Listing Rules, successful completion of the Capital Raising, re-compliance with Chapters 1 & 2 of the ASX Listing Rules by the Company, due diligence by Zamia on Kirkham and by Kirkham on Zamia; the key management of Kirkham agreeing to executive contracts with Zamia; conversion of Director/Officers and shareholder loans to equity and other conditions precedent customary of a transaction of this nature.

The convertible bond transaction

The Company has agreed to issue Convertible Bonds (which are only convertible subject to shareholder approval) for \$250,000 that will provide working capital to be used primarily to meet costs related to the transaction with Kirkham. Gleneagle Securities (Aust) Pty Limited, its clients and parties introduced by Kirkham have participated in the Convertible Bonds.

The Convertible Bonds have a term of 12 months, attract interest at 12% per annum and are to



be converted into ordinary shares together with capitalised interest thereon as a pre-condition of the Kirkham transaction proceeding. Such conversion will be subject to approval by shareholders and in accordance with the ASX Listing Rules and Corporations Act and conducted at a price of \$0.01 per share (post-consolidation). After conversion such shares issued will be assessed for escrow conditions by the ASX. The Company may, with notice, redeem the convertible bonds and the holder of the bonds may also request for the execution of security. No bond holder has indicated, at this stage, an intention to register security.

Indicative Capital Structure

The indicative capital structure of the Company assuming that shareholders approve the proposed transaction with Kirkham and the other conditions precedent to the transaction are met is set out in the table below:

Parties	Number	% shareholding
Shares held by existing shareholders on post-consolidation basis	72,021,457	9.09%
Shares held by the shareholders of Kirkham, and their nominees and Kirkham's advisors as a consequence of the purchase of Kirkham	607,500,000	76.67%
Shares held by directors and officers as a result of conversion of fees owing for services rendered	4,500,000	0.57%
Shares to be issued pursuant to the Capital Raising	83,333,333	10.52%
Shares to be issued to parties pursuant to conversion of Convertible Bonds	25,000,000*	3.15%
Total	792,354,791	100.00%

*This calculation does not include the conversion of any interest owing pursuant to the Convertible Bonds and it is anticipated this number will increase to allow for the conversion of interest owing on the Convertible Bonds.

Option	Exercise Price	Expiry Date	Number
Unquoted Options on issue at 21 September 2016	\$0.01	31 December 2017	21,050,000
Option consolidation			1:10
Options on issue following option consolidation	\$0.10	31 December 2017	2,105,000

Shareholder approvals

The transaction comprising the acquisition and the Capital Raising and a number of other items are subject to shareholder approval, including approval of a significant change to the nature and scale of the Company's activities per Listing Rule 11.1.3 and will be required to re-comply with Chapters 1 & 2 of the ASX Listing Rules.

A notice of general meeting containing further details of the approvals being sought will be released as soon as possible after compliance with ASX Listing Rules all other regulatory requirements.

The Board of Directors of Zamia is unanimous in its support of the revised corporate strategy and the acquisition of Kirkham and intend to vote in favour of the resolutions contemplated in respect of their shareholding.

Indicative timetable:



Event Date	
Execute binding conditional SPA and announce to ASX	6 October 2016
Convertible Note Fundraising completed (\$250,000)	By 11 October 2016
Due diligence completion	31 October 2016
Despatch Notice of Meeting	November 2016
General Shareholder Meeting	December 2016
Lodgement of prospectus with ASIC	December 2016
Closing date of offer under the prospectus	January 2017
Despatch holding statements	January 2017
Re-quotation of shares on ASX	January 2017

This timetable is indicative only and subject to change.

Suspension from Trading

In accordance with the ASX Listing Rules, the Company will remain suspended from official quotation on the ASX from the date of this announcement until such time as the transaction has completed and the Company has complied with the requirements of the ASX, including re-compliance with Chapters 1 & 2 of the ASX Listing Rules.

For further information, please contact Andrew Skinner, Executive Chairman on 0418 601688 or the Company.

Yours sincerely,

A handwritten signature in black ink, appearing to read "John Stone", written in a cursive style.

John Stone
Company Secretary
Zamia Metals Limited