



19 December 2016

Australian Securities Exchange (**ASX**)
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

PRE-QUOTATION DISCLOSURE

Technology Metals Australia Limited (ACN 612 531 389) (**Company**) provides the following confirmations to satisfy conditions for quotation of the Company's securities ASX.

Completion of acquisition of 100% of The KOP Ventures Pty Ltd

In relation to the Share Sale Agreement dated 28 July 2016 (as amended) between the Company, Twentieth Century Motor Company Pty Ltd, Station Nominees Pty Ltd and Ian Prentice (**Share Sale Agreement**), the Company confirms that:

- (a) the condition precedent to completion has been satisfied; and
- (b) completion of the Share Sale Agreement has occurred, including the reimbursements of expenditure totalling \$11,955 and the issue by the Company of:
 - I. 2,500,000 Shares; and
 - II. 10,000,000 Class A Performance Shares (**Performance Shares**).

Completion of Public Offer

The Company further confirms the completion of the public offer of 20,000,000 fully paid ordinary shares (**Shares**) under the prospectus dated 13 October 2016 (**Public Offer**), the first Supplementary Prospectus dated 27 October 2016 and the second Supplementary Prospectus dated 28 November 2016.

Issue of options

In addition to the securities issued pursuant to the Public Offer, the Company has also issued 13,700,000 unquoted options exercisable at \$0.25 on or before 31 December 2019 (**Options**) to the Company's consultants, promoters and investors, as follows:

- (a) 800,000 Options to lead manager, PAC Partners Pty Ltd and 1,700,000 Options to its nominees;
- (b) 6,500,000 Options issued to directors of the Company:
 - I. 2,000,000 Options to the nominee of Mr Michael Fry;

- II. 4,000,000 Options to Mr Ian Prentice; and
- III. 250,000 Options to Mr Sonu Cheema, and 250,000 Options to his nominees; and
- (c) 4,700,000 Options to nominees of Cicero Advisory Services Pty Ltd.

Restricted Securities

Following reinstatement to quotation of the Company's securities on the ASX, the following securities will be subject to restriction pursuant to the ASX Listing Rules for the period outlined below.

Securities restricted for 24 months from date of quotation:

Class	Number	Restriction Period
Ordinary Fully Paid Shares	2,500,000	24 months from date of quotation
Options ¹	13,700,000	24 months from date of quotation
Performance Shares ²	10,000,000	24 months from date of quotation

Securities restricted for 12 months from the date of issue:

Class	Number	Restriction Period
Ordinary Fully Paid Shares	1,300,000	12 months from 21 September 2016
Options ¹	1,300,000	12 months from 21 September 2016

Notes:

- Comprised of 7,200,000 options (**Promoter Options**) and 6,500,000 options (**Director Options**) exercisable at \$0.25 on or before 31 December 2019 (the terms and conditions of the Options are attached as Attachment A). The options are on the same terms as the 1,300,000 unquoted options on issue.
- The terms of the Class A and Class B Performance Shares are attached as Attachment B. The Company confirms that it will disclose the following in each annual report, annual audited accounts, half-yearly report and quarterly cashflow report issued by the Company, in respect of any period during which the Performance Shares remain on issue or are converted or redeemed:
 - the number of Performance Shares on issue during the relevant period;
 - a summary of the terms and conditions of the Performance Shares, including without limitation the number of ordinary shares into which the Performance Shares are convertible and the relevant milestones that have to be satisfied in order for the Performance Shares to be converted;
 - whether any of the Performance Shares were converted or redeemed during that period; and
 - whether a milestone for the Performance Shares was met during that period.

Attachment A – Option Terms

An Option entitles the holder to subscribe for an ordinary share (**Share**) in Technology Metals Australia Limited (**Company**) on the terms and conditions set out below.

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Expiry Date

Each Option will expire at 5.00pm (WST) on 31 December 2019 (**Expiry Date**).

(c) Exercise Price

Each Option will have an exercise price of \$0.25 (**Exercise Price**).

(d) Vesting, exercise period and lapsing

Subject to clause (i), Options may be exercised at any time after the date of issue and prior to the Expiry Date. After this time, any unexercised Options will automatically lapse.

(e) Exercise Notice and payment

Options may be exercised by notice in writing to the Company (**Exercise Notice**) together with payment to the Company of the Exercise Price for each Option being exercised. Any Exercise Notice for an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt. Cheques paid in connection with the exercise of Options must be in Australian currency, made payable to the Company and crossed "Not Negotiable".

(f) Shares issued on exercise

Shares issued on exercise of Options will rank equally in all respects with then existing fully paid ordinary shares in the Company.

(g) Quotation of Shares

Provided that the Company is quoted on the official list of ASX Limited at the time, application will be made by the Company to ASX Limited for quotation of the Shares issued pursuant to the exercise of the Options.

(h) Timing of issue of Shares

Subject to clause (i), within 5 business days after receipt of an Exercise Notice the Company will allot and issue the Shares pursuant to the exercise of the Options. The Company makes no representation that the Shares will be freely tradeable upon issue and the holder acknowledges that the Shares may be subject to the on-sale restrictions contained in sections 706 and 707 of the *Corporations Act 2001 (Cth)* (**Corporations Act**). In these circumstances, the holder agrees not to trade the Shares for so long as the Shares are subject to such restrictions.

(i) Shareholder and regulatory approvals

- (i) Notwithstanding any other provision of these terms and conditions, exercise of Options into Shares will be subject to the Company obtaining all required (if any) Shareholder and regulatory approvals for the purpose of issuing the Shares to the holder.
- (ii) If exercise of the Options would result in any person being in contravention of section 606 of the Corporations Act then the exercise of each Option that would cause the contravention will be deferred until such time or times that the exercise would not result in a contravention of section 606 of the Corporations Act.
- (iii) Holders must give notification to the Company in writing if they consider that the exercise of the Options may result in the contravention of section 606 of the Corporations Act, failing which the Company will be entitled to assume that the exercise of the Options will not result in any person being in contravention of section 606 of the Corporations Act.

(j) Participation in new issues

There are no participation rights or 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. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least four business days after the issue is announced. This is intended to give the holders of Options the opportunity to exercise their Options prior to the announced record date for determining entitlements to participate in any such issue.

(k) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu 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 holder would have received if the holder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(l) Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment to the Exercise Price.

(m) Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the holders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(n) Quotation

The Company will not apply for quotation of the Options to ASX Limited.

Attachment B – Performance Share Terms

The terms and conditions of the Class A Performance Shares are as follows:

Rights attaching to the Class A Performance Shares

(a) **Performance Shares**

Each Class A Performance Share is a share in the capital of Technology Metals Australia Limited (ACN 612 531 389) (**Company**).

(b) **General meetings**

Each Class A Performance Share confers on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to the holders of fully paid ordinary shares in the capital of the Company (**Shareholders**). Holders have the right to attend general meetings of Shareholders.

(c) **No voting rights**

A Class A Performance Share does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.

(d) **No dividend rights**

A Class A Performance Share does not entitle the Holder to any dividends.

(e) **No rights to return of capital**

A Class A Performance Share does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(f) **Rights on winding up**

A Class A Performance Share does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.

(g) **Not transferable**

A Class A Performance Share is not transferable.

(h) **Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed (including a consolidation, subdivision, reduction, cancellation or return of issued share capital), all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.

(i) **Application to ASX**

The Class A Performance Shares and Class B Performance Shares will not be quoted on ASX. However, if the Company is listed on ASX at the time of conversion of the Class A Performance Shares into fully paid ordinary shares (**Shares**), the Company must within 10 Business Days apply for the official quotation of the Shares arising from the conversion on ASX.

(j) **Participation in entitlements and bonus issues**

A Class A Performance Share does not entitled a Holder (in their capacity as a holder of a Class A Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(k) **Amendments required by ASX**

The terms of the Class A Performance Shares may be amended as necessary by the Company's board in order to comply with the ASX Listing Rules (if applicable), or any directions of ASX (if applicable) regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

(l) **No Other Rights**

A Class A Performance Share gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Class A Performance Shares

(m) **Milestones**

A Class A Performance Share in the relevant class will convert into one Share and one Class B Performance Share upon the definition by the Company (or an entity controlled by the Company) of an inferred resource of 30,000,000 tonnes of vanadium oxide ore at greater than 0.8% at the Gabanintha Project on or before 31 December 2019.

(n) **Conversion on change of control**

Notwithstanding the relevant Milestone has not been satisfied, upon the occurrence of either:

- (i) a takeover bid under Chapter 6 of the *Corporations Act 2001* (Cth) having been made in respect of the Company having received acceptances for more than 50% of the Company's shares on issue and being declared unconditional by the bidder; or
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

that number of Class A Performance Shares that is equal to 10% of the Shares on issue immediately following conversion under this paragraph will convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of Class A Performance Shares then on issue as well as on a pro rata basis for each Holder. Class A Performance Shares that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.

(o) **Redemption if Milestone not achieved**

If the relevant Milestone is not achieved by the required date, then each Class A Performance Share in that class will be automatically redeemed by the Company for the sum of \$0.00001 within 10 Business Days of non-satisfaction of the Milestone.

(p) **Conversion Procedure**

The Company will issue the Holder with a new holding statement for the Share issued upon conversion of a Class A Performance Share within 10 Business Days following the conversion.

(q) **Ranking upon conversion**

The Share into which a Class A Performance Share may convert will rank pari passu in all respects with the existing Company Shares.

The terms and conditions of the Class B Performance Shares are as follows:

Rights attaching to the Class B Performance Shares

(a) **Performance Shares**

Each Class B Performance Share is a share in the capital of Technology Metals Australia Limited (ACN 612 531 389) (**Company**).

(b) **General meetings**

Each Class B Performance Share confers on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to the holders of fully paid ordinary shares in the capital of the Company (**Shareholders**). Holders have the right to attend general meetings of Shareholders.

(c) **No voting rights**

A Class B Performance Share does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.

(d) **No dividend rights**

A Class B Performance Share does not entitle the Holder to any dividends.

(e) **No rights to return of capital**

A Class B Performance Share does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(f) **Rights on winding up**

A Class B Performance Share does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.

(g) **Not transferable**

A Class B Performance Share is not transferable.

(h) **Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed (including a consolidation, subdivision, reduction, cancellation or return of issued share capital), all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.

(i) **Application to ASX**

The Class B Performance Shares will not be quoted on ASX. However, if the Company is listed on ASX at the time of conversion of the Class B Performance Shares into fully paid ordinary shares (**Shares**), the Company must within 10 Business Days apply for the official quotation of the Shares arising from the conversion on ASX.

(j) **Participation in entitlements and bonus issues**

A Class B Performance Share does not entitled a Holder (in their capacity as a holder of a Class B Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(k) **Amendments required by ASX**

The terms of the Class B Performance Shares may be amended as necessary by the Company's board in order to comply with the ASX Listing Rules (if applicable), or any directions of ASX (if applicable) regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

(l) **No Other Rights**

A Class B Performance Share gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Class B Performance Shares

(m) **Milestones**

A Class B Performance Share in the relevant class will convert into one Share upon the definition by the Company (or an entity controlled by the Company) of an indicated resource of 20,000,000 tonnes of vanadium oxide ore at greater than 0.8% at the Gabanintha Project on or before 31 December 2019.

(n) **Conversion on change of control**

Notwithstanding the relevant Milestone has not been satisfied, upon the occurrence of either:

- (i) a takeover bid under Chapter 6 of the *Corporations Act 2001* (Cth) having been made in respect of the Company having received acceptances for more than 50% of the Company's shares on issue and being declared unconditional by the bidder; or
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

that number of Class B Performance Shares that is equal to 10% of the Shares on issue immediately following conversion under this paragraph will convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of Class B Performance Shares then on issue as well as on a pro rata basis for each Holder. Class B Performance Shares that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.

(o) **Redemption if Milestone not achieved**

If the relevant Milestone is not achieved by the required date, then each Class B Performance Share in that class will be automatically redeemed by the Company for the sum of \$0.00001 within 10 Business Days of non-satisfaction of the Milestone.

(p) **Conversion Procedure**

The Company will issue the Holder with a new holding statement for the Share issued upon conversion of a Class B Performance Share within 10 Business Days following the conversion.

(q) **Ranking upon conversion**

The Share into which a Class B Performance Share may convert will rank pari passu in all respects with the existing Company Shares.