



elemental  
minerals limited

**ABN 31 108 066 422**

# **Notice of Annual General Meeting Proxy Form and Explanatory Statement**

**Date of Meeting**

**30 June 2016**

**Time of Meeting**

**3.00pm (AWST)**

**Place of Meeting**

**The Duxton Hotel, 1 St Georges Terrace, Perth WA 6000**

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

## **Notice of Annual General Meeting**

---

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF ELEMENTAL MINERALS LIMITED ABN 31 108 066 422 ("ELEMENTAL"/THE "COMPANY") WILL BE HELD AT THE DUXTON HOTEL, 1 ST GEORGES TERRACE, PERTH WA 6000 ON THURSDAY 30 JUNE 2016, AT 3.00 PM (AWST).

### **AGENDA**

#### **BUSINESS**

An Explanatory Statement containing information in relation to each of the following Resolutions accompanies this Notice of Annual General Meeting.

#### **ORDINARY BUSINESS**

To receive and consider the annual financial report of the Company and the reports of the Directors and the Auditors for the financial year ended 31 December 2015.

##### **Resolution 1 - Adoption of Remuneration Report**

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

*"That, the remuneration report forming part of the Company's 2015 Annual Report, be adopted."*

##### **Resolution 2 - Re-election of Mr Leonard Math as a Director**

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

*"That, Mr Leonard Math, who retires in accordance with the Constitution of the Company, and being eligible, offers himself for re-election, be elected as a Director."*

##### **Resolution 3 – Re-election of Mr David Hathorn as a Director**

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

*"That, Mr David Hathorn, having been appointed as a director on 20 November 2015 and who, in accordance with Rule 11.12 of the Constitution of the Company retires at the end of this meeting and who, being eligible to be re-elected as a Director of the Company, and having consented to act, be and is hereby re-elected as a Director of the Company".*

**Resolution 4 – Re-election of Mr Jonathan Trollip as a Director**

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

*“That, Mr Jonathan Trollip, having been appointed as a director on 21 April 2016 and who, in accordance with Rule 11.12 of the Constitution of the Company retires at the end of this meeting and who, being eligible to be re-elected as a Director of the Company, and having consented to act, be and is hereby re-elected as a Director of the Company”.*

**Resolution 5 – Approval for the grant of 1,000,000 Performance Rights to Mr Leonard Math**

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

*“That for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of 1,000,000 Performance Rights to Leonard Math, a Director, under the Elemental Minerals Limited Performance Rights Plan on the terms and conditions contained in the Explanatory Notes to this Notice of Meeting.”*

**Resolution 6 – Approval for the grant of 2,000,000 Performance Rights to Mr Jonathan Trollip**

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

*“That for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of 2,000,000 Performance Rights to Jonathan Trollip, a Director, under the Elemental Minerals Limited Performance Rights Plan on the terms and conditions contained in the Explanatory Notes to this Notice of Meeting.”*

**BY ORDER OF THE BOARD**

**LEONARD MATH**  
Director & Joint Company Secretary  
Dated 27 May 2016

## **VOTING EXCLUSIONS**

### **Resolution 1**

In accordance with the Corporations Act (2001) (Corporations Act), the Company will disregard:-

- (a) any votes cast (in any capacity) on Resolution 1 by or on behalf of
  - (i) a member of the Key Management Personnel listed in the Remuneration Report (KMP); or
  - (ii) a KMP's Closely Related Party; and
- (b) any votes cast as a proxy on Resolution 1 by any other person who is a member of the KMP at the date of the meeting, or by a Closely Related Party of any such person.

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

However the Company need not disregard a vote cast on Resolution 1 if it is cast:

- (a) by any person referred to above as proxy for a person entitled to vote on the Resolution, in accordance with a direction in the proxy appointment specifying how the proxy is to vote on the Resolution; or
- (b) by the person chairing the meeting as proxy for a person entitled to vote on the Resolution where the proxy appointment does not specify the way the proxy is to vote on the Resolution and expressly authorises the Chairman to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company.

Please read the information under the heading 'Chairman as proxy' which deals with the Chairman's voting of undirected proxies on Resolution 1.

If you are a member of the KMP or a Closely Related Party of any such member, you may be held liable for breach of the voting restrictions in the Corporations Act if you cast a vote that the Company will disregard.

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

### **Resolutions 5 and 6**

The Company will disregard any votes on the respective Resolutions cast by or on behalf of the following persons:

A director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of their associates.

The Company will also disregard any votes cast on Resolutions 5 and 6 by a member of the KMP or their Closely Related Parties as proxy for another person where the proxy form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing, in accordance with a direction on the proxy form to vote as the proxy decides will not be excluded.

However, the Company need not disregard a vote if:

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

## **ENTITLEMENT TO ATTEND AND VOTE**

You will be entitled to attend and vote at the Annual General Meeting if you are registered as a Shareholder of the Company as at 3.00pm (AWST) on 28 June 2016. This is because, in accordance with the Corporations Regulations 2001 (Cth), the Board of Directors has determined that the Shares on issue at that time will be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

### **HOW TO VOTE**

#### **Voting in person**

Shareholders 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 register of members and attendances recorded.

#### **Corporate representatives**

A body corporate, which is a Shareholder or which has been appointed as a proxy, may appoint an individual to act as its corporate representative at the meeting in accordance with section 250D of the Corporations Act. The appropriate appointment document must be produced prior to admission. A form of the certificate can be obtained from the Company's registered office.

#### **Voting by proxy**

A Shareholder who is entitled to attend and cast a vote at the meeting may appoint a proxy. A proxy need not be a Shareholder and may be an individual or body corporate. If a body corporate is appointed as a proxy it must appoint a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the meeting (see above).

A Shareholder who is entitled to cast two or more votes may appoint two proxies to attend the meeting and vote on their behalf and may specify the proportion or a number of votes each proxy is appointed to exercise. If a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes (disregarding fractions). If you wish to appoint a second proxy, you may copy the enclosed proxy form or obtain a form from the Company's registered office.

To be effective for the scheduled meeting a proxy appointment (and any power of attorney or other authority under which it is signed or otherwise authenticated, or a certified copy of that authority) must be received at an address or fax number below no later than 3.00pm (AWST) Friday 28 June 2016, being at least 48 hours before the time of the meeting. Any proxy appointment received after that time will not be valid for the scheduled meeting.

#### **In person**

##### **Registered Office**

Level 3, 88 William Street  
Perth, Western Australia 6000

#### **By mail**

GPO Box 2570,  
Perth, Western Australia 6001

#### **By email**

leonard.math@elementalminerals.com

#### **By fax**

(08) 9463 2499

For further information concerning the appointment of proxies and the ways in which proxy appointments may be submitted, please refer to the enclosed proxy form.

---

### **Voting by attorney**

A Shareholder may appoint an attorney to attend and vote on their behalf. For an appointment to be effective for the meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at one of the addresses listed above for the receipt of proxy appointments at least 48 hours prior to the commencement of the meeting.

### **Chairman as proxy**

If you appoint a proxy, the Company encourages you to consider directing them how to vote by marking the appropriate box on each of the proposed Resolutions.

If a Shareholder entitled to vote on a Resolution appoints the Chairman of the meeting as their proxy (or the Chairman becomes their proxy by default) and the Shareholder does not direct the Chairman how to vote on the Resolution:-

- The Chairman intends to vote in favour of the Resolution, as proxy for that Shareholder on a poll; and
- For Resolution 1, the Shareholder will have given the Chairman express authority to vote as the Shareholder's proxy on the relevant resolution even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company and even though the Chairman is a member of the KMP, unless the Shareholder expressly indicates to the contrary in the proxy appointment.

If you do not want to put the Chairman of the meeting in the position to cast your votes in favour of any of the proposed Resolutions, you should complete the appropriate box on the proxy form, directing your proxy to vote against, or to abstain from voting, on the resolution.

### **Other members of KMP as proxy**

If a Shareholder appoints a Director (other than the Chairman of the meeting) or another member of KMP (or a Closely Related Party of any such person) as their proxy and does not direct the proxy how to vote on Resolution 1 by marking the 'For', 'Against' or 'Abstain' box opposite the relevant Resolution on the proxy appointment, the proxy will not be able to exercise the Shareholder's proxy and vote on their behalf on the relevant Resolution.

### **QUESTIONS FROM SHAREHOLDERS**

The Chairman of the meeting will allow a reasonable opportunity for Shareholders at the meeting to ask questions about and make comments on the management of the Company and on the Financial Report, the Directors' Report (including the Remuneration Report) and the Auditor's Report (Reports), as well as each of the Resolutions to be considered at the meeting.

A representative of the Company's auditor will attend the meeting. During the meeting's consideration of the Reports, the Chairman of the meeting will allow a reasonable opportunity for Shareholders at the meeting to ask the auditor's representative questions relevant to the:-

- Conduct of the audit;
- Preparation and content of the Auditor's Report for the financial year ended 31 December 2015;
- Accounting policies adopted by the Company in relation to the preparation of the financial statements contained in the Financial Report for that year; and
- Independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to the Company's auditor if the question is relevant to the content of the Auditor's Report or the conduct of the audit.

If you wish to submit a question in advance of the meeting, you may do so by sending your question to one of the addresses or facsimile number above by no later than 15 June 2016. The Company and the auditor will attempt to respond to as many of the more frequently asked questions as possible. Due to the large number of questions that may be received, the Company and the auditor will not be replying on an individual basis.

## **EXPLANATORY STATEMENT**

This Explanatory Statement is for the information of members of ELEMENTAL MINERALS LIMITED (the Company) in connection with Resolutions to be considered at the Annual General Meeting of the Company to be held on Thursday 30 June 2016 at 3.00pm (AWST). If members are in doubt as to how they should vote, they should seek advice from their professional advisors before voting.

### **Ordinary Business**

#### **Annual Financial Report**

The Annual Report 2015 (including the financial statement, Directors' report and Auditor's Report for the financial year ended 31 December 2015) is available for review by Shareholders at [www.elementalminerals.com](http://www.elementalminerals.com) and will be tabled at the Meeting.

Whilst there is no requirement for Shareholders to approve the Annual Report, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report for the financial year ended 31 December 2015;
- (b) ask questions or make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

#### **Resolution 1 – Adoption of Remuneration Report**

The Board submits its Remuneration Report for the year ended 31 December 2015 to Shareholders for consideration and adoption by way of a non-binding resolution.

The Remuneration Report is included in the 2015 Annual Report. The report:

- explains the Company's remuneration principles relating to the nature and amount of the remuneration of directors, senior managers and other group executives of the Company;
- discusses the relationship between such principles and the Company's performance; and
- sets out remuneration details for each director and for each relevant executive of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The vote on the Remuneration Report is advisory only and will not bind the Company, however the Board places importance on the outcome of the vote and will take it into account when considering the Company's remuneration policy.

The Corporations Act now provides for a 'two strikes rule' in relation to voting on the Remuneration Report. This rule would apply if, at two consecutive Annual General Meetings, the resolution for adoption of the Remuneration Report were to receive a 'no' vote of 25% or more of the votes cast on the resolution. In that case, a further resolution (a 'spill resolution') would be required to be put to Shareholders at the second of those Annual General Meetings. If passed, the spill resolution would require an extraordinary general meeting of the Company (a 'spill meeting') to be held within 90 days of the second Annual General Meeting, for the purpose of considering the election of Directors. At the spill meeting, the directors (other than the Managing Director) who were in office at the date of approval by the Board of the most recent Directors' Report would cease to hold office, unless re-elected at the meeting. For any spill resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it.

In addition, if comments are made on the Remuneration Report at an Annual General Meeting and 25% or more of the votes cast on Resolution 1 are against the adoption of the Remuneration Report, the Company's Remuneration Report for the subsequent financial year will be required to include an explanation of the Board's proposed action in response to those comments or, if no action is proposed, the Board's reasons for this.

At the Company's 2015 Annual General Meeting, 98.7% of the votes cast on the resolution for adoption of the Remuneration Report were in favour of the resolution and no comments were made on the Remuneration Report at that meeting.

During this item, Shareholders will be provided with a reasonable opportunity to ask questions about and make comments on the Remuneration Report.

Please read the information under the heading 'Chairman as proxy' which deals with the Chairman's voting of undirected proxies on this Resolution.

A voting exclusion applies to this item of business, as set out in the Notice of Meeting.

#### **Resolution 2 – Re-election of Mr Leonard Math as a Director**

Clause 11.3 of the Constitution requires that one third of the Directors in office (other than a Managing Director) must retire by rotation at each Annual General Meeting of the Company. Clause 11.4 of the Constitution provides that a retiring Director is eligible for re-election.

Mr Math therefore retires at the forthcoming Annual General Meeting in accordance with the Constitution and being eligible, has offered himself for re-election at the meeting.

Mr Math graduated from Edith Cowan University in 2003 with a Bachelor of Business majoring in Accounting and Information Systems. He is a member of the Institute of Chartered Accountants and the Australian Institute of Company Directors.

In 2005, he worked as an auditor at Deloitte before joining GDA Corporate as Manager of Corporate Services.

In 2015, GDA Corporate merged with Nexia Perth Pty Ltd and Leonard was appointed as Senior Client Manager for Nexia.

Mr Math has extensive experience in relation to public company responsibilities including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting and shareholder relations with both retail and institutional investors.

Mr Math currently is a Non-Executive Director of RMA Energy Limited and Company Secretary of a number of ASX listed companies including Global Gold Holdings.

The Board of Directors, excluding Mr Math, recommend that Shareholders vote in favour of Resolution 2.

#### **Resolutions 3 & 4 – Re-election of Mr David Hathorn and Mr Jonathan Trollip as a Director**

Resolutions 3 & 4 seek approval of Shareholders to the election of Mr David Hathorn and Mr Jonathan Trollip as Directors. Rule 11.12 of the Constitution of the Company and ASX Listing Rule 14.4 provides that a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the entity.

Mr David Hathorn and Mr Trollip were appointed as Directors on 20 November 2015 and 21 April 2016 respectively.

Messrs Hathorn and Trollip therefore retire effective at the end of the Annual General Meeting in accordance with the Constitution, and being eligible, have offered themselves for re-election.

Mr Hathorn is the Chief Executive Officer (CEO) of the Mondi Group. Previous to Mondi, David was at Anglo American, where he was a member of the group executive committee from 2003 and an executive director of Anglo American PLC from 2005, serving on several of the boards of the group's major mining operations.



Mondi Group, a FTSE 100 global packaging and paper listed group (listed on both the London and Johannesburg stock exchanges), with a market capitalisation of in excess of US\$10.7 billion, with operations in 30 countries and 25,000 employees, has performed exceptionally well under David's leadership, with the share price having risen by over 1000% since 2008/9. The group's relative outperformance is reflected in its FTSE ranking improving over the same period from 198th to its current standing of 68th.

During the past 24 years David has acquired in-depth commodity industries related experience, which combined with his strong managerial skills enables him to lead the Company through this next exciting phase of its development.

Mr Trollip is a globally experienced Director (both executive and non-executive) with over 30 years of commercial, corporate, governance and legal and transactional expertise. He is currently Non-Executive Chairman of ASX listed Global Value Fund Ltd and Future Generation Investment Company Ltd and holds various private company directorships in the commercial and not-for-profit sectors.

Mr Trollip is also a principal and director of Sydney Australia based structured finance group Meridian International Capital Limited with whom he has been for the past 22 years and during which time he has been involved in financing numerous resources transactions in various global locations. Prior to that, Jonathan was a Partner with law firm Herbert Smith Freehills. He holds postgraduate degrees in economics and law, was admitted as a qualified lawyer in England and Australia and is a Fellow of the Australian Institute of Company Directors.

The Board of Directors, excluding Mr Hathorn, recommend that Shareholders vote in favour of Resolution 3.

The Board of Directors, excluding Mr Trollip, recommend that Shareholders vote in favour of Resolution 4.

## **Resolutions 5 to 6 – Approval of Issue of Performance Rights**

### **Background**

Resolutions 5 to 6 seek Shareholder approval for the issue of Performance Rights to Non-Executive Directors, Leonard Math (1 million) and Jonathan Trollip (2 million).

In determining each Director's remuneration package, including the proposed issue of Performance Rights under the Plan, the Board considered the scope of the role of each Director, the business challenges facing the Company and market practice for the remuneration of officers in positions of similar responsibility.

### ***Chapter 2E of the Corporations Act***

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

- the giving of the financial benefit falls within one of the exceptions to the provision; or
- prior shareholder approval is obtained to the giving of the financial benefit.

Related party is widely defined under the Corporations Act, and includes directors of a company.

Financial benefit is defined broadly and includes benefits from the public company's subsidiaries. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. The Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate.

Leonard Math and Jonathan Trollip are Directors, and therefore related parties of the Company, and the issue of the securities to them or their nominees constitutes the provision of a financial benefit for

the purposes of Chapter 2E of the Corporations Act.

**Listing Rule 10.14**

Listing Rule 10.14 provides that a listed company must not issue securities under an employee incentive scheme to a director of the company without Shareholder approval.

Shareholder approval is therefore being sought pursuant to Chapter 2E of the Corporations Act and Listing Rule 10.14. If Shareholder approval is obtained under Listing Rule 10.14, approval is not required under Listing Rule 7.1.

The Performance Rights will be issued subject to the Company's Performance Rights Plan Rules. Refer to Annexure A for the summary of the Plan Rules.

**Resolution 5 – Approval of Issue of Performance Rights to Leonard Math**

Mr Leonard Math was appointed to the Board on 24 April 2014. The Board agreed to grant Mr Math the following Performance Rights, subject to Shareholder approval:-

Vesting Conditions	
Share Price - allocation matrix	1,000,000
25%	250,000
straight line between A\$0.50 and A\$2.00	
100%	1,000,000
<b>TOTAL</b>	<b>1,000,000</b>

**Vesting of Performance Rights**

Performance Rights vest on the basis of one Share for each Performance Right vesting, calculated as follows:

- (a) For the first Vesting Period following issue, the number of Shares to be issued is:
  - (i) where the 30 day average daily VWAP is less than \$0.50, nil.
  - (ii) where the 30 day average daily VWAP is \$0.50 or more, the Initial Tranche plus 500 Shares for each one tenth of a cent that the 30 day average daily VWAP exceeds \$0.50.
- (b) For the remainder of the Performance Right Term, the number of Shares to be issued is at the end of each Vesting Period is:
  - (i) where the Initial Tranche has not been issued and the 30 day average daily VWAP for the current Vesting period is \$0.50 or more, the Initial Tranche plus 500 Shares for each one tenth of a cent that the 30 day average daily VWAP exceeds \$0.50 on the basis of one Share for each Performance Right.
  - (ii) where the 30 day average daily VWAP is less than the 30 day average daily VWAP for any pervious Vesting Period, nil.
  - (iii) where the 30 day average daily VWAP is equal to or more than the highest previous 30 day average daily VWAP, 500 Shares for each one tenth of a cent that the 30 day average daily VWAP exceeds the highest previous 30 day average daily VWAP.

Where:

“30 day average daily VWAP” means the average of the daily VWAP calculated using the 30 highest daily VWAPs during a Vesting Period.

“Initial Tranche” means 250,000 Shares to be issued where the 30 day average daily VWAP is \$0.50 or more.

“Performance Right Term” means the period on the day the Performance Rights are issued and

ending on the fifth annual anniversary of the issue of the Performance Rights.

“Vesting Period” means a 6 month period commencing, in case of the first Vesting Period, on the day the Performance Rights are issued and thereafter on the day after the previous Vesting Period; for the duration of the Performance Right Term.

“VWAP” means daily volume weighted market price (as defined in the Listing Rules) for Shares.

Note 1: For example:

- (a) if the 30 day average daily VWAP for the first Vesting Period is \$0.55, then 275,000 Performance Rights will vest into 275,000 Shares at the end of that Vesting Period;
- (b) if the 30 day average daily VWAP for the second Vesting Period is \$0.655, then a further 52,500 Performance Rights will vest into 52,500 Shares at the end of that Vesting Period;
- (c) if the 30 day average daily VWAP for the third Vesting Period is \$0.649, then no Performance Rights will vest into Shares at the end of that Vesting Period;
- (d) if the 30 day average daily VWAP for the fourth Vesting Period is \$0.85, then a further 97,500 Performance Rights will vest into 97,500 Shares at the end of that Vesting Period;
- (e) if the 30 day average daily VWAP for the fifth Vesting Period is \$1.95, then a further 550,000 Performance Rights will vest into 550,000 Shares at the end of that Vesting Period; and
- (f) if the 30 day average daily VWAP for the sixth Vesting Period is \$2.50, then the remaining Performance Rights held by the holder will vest, being 25,000 Performance Rights.

Performance Rights will vest in full (without any lock up requirements) should there be a change in control event which results in a person acquiring a relevant interest in more than 50% of the Shares in the Company.

*Information required by the Corporations Act*

For the purposes of section 219 of the Corporations Act and ASIC Regulatory Guide 76, the following information is provided to Shareholders to enable them to assess the merits of the resolution:

- (a) The related party to whom Resolution 5 would permit the benefit to be given:  
Leonard Math, a Non-Executive Director
- (b) The nature of the financial benefit:  
The proposed financial benefits to be given are the issue of 1 million Performance Rights to Leonard Math the terms of which are set out in this Explanatory Memorandum.
- (c) Reasons for giving the benefit  
The Board independent of Mr Math have determined that the issue of 1 million Performance Rights to Mr Math recognises the skills and value that Mr Math will bring to the Company based on his past and current experience.
- (c) Leonard Math’s existing relevant interest  
Leonard Math does not hold any shares in the Company.
- (d) Total remuneration package  
As a Non-Executive Director, Mr Math is being remunerated with A\$60,000 per annum.
- (e) Dilution  
The Company’s issued share capital will not change as a result of the issue of 1 million Performance Rights to Leonard Math. However should all of the Performance Rights vest, a total of 1 million shares will be issued which represents 0.23% of current total shares on issued (433,361,970).
- (f) Valuation of the financial benefit to be given

The Company has obtained a valuation of the Performance Rights, which is set out in Schedule 1 to this Explanatory Memorandum.

**(g) Other Information**

The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision on whether it is in the best interests of the Company to pass the Resolution.

***Information required by the Listing Rules***

In compliance with the information requirements of ASX Listing Rule 10.15, Shareholders are advised of the following information:

**(a) Nature of relationship between allottee and the Company**

The Performance Rights are proposed to be issued to Mr Leonard Math. Mr Math is a Non-Executive Director of the Company and, as such, is a related party of the Company.

**(b) Details of the maximum number of securities that may be issued**

The maximum number of securities that may be acquired by Mr Math under Resolution 5 is 1 million. A further 2 million securities may be acquired by Mr Jonathan Trollip under Resolution 6.

**(c) Issue price**

The 1 million Performance Rights will be issued for nil cash consideration.

**(d) Previous issues under the Plan**

At the date of this Notice of Meeting no Performance Rights have been granted to Mr Math or any other Eligible Persons.

**(e) Eligible participants under the Plan**

Persons eligible to participate in the Plan are full time or part-time employees or executive or non-executive directors of the Company or a Related Body Corporate of the Company, being Messrs David Hathorn, Sean Bennett, Jonathan Trollip and Leonard Math.

**(f) Voting exclusion statement**

A voting exclusion statement for Resolution 5 is included in the Notice of General Meeting preceding this Explanatory Statement.

**(g) Terms of any loan**

The Company will not be providing a loan in connection with Mr Math's acquisition of Performance Rights under the Plan.

**(h) Issue date**

The Company will issue the Performance Rights under Resolution 5 on a date no later than 12 months after the date of this Annual General Meeting.

**(i) Valuation of the Performance Rights**

The value of the Performance Rights being given to Mr Math, and the pricing methodology is set out in Schedule 1.

***Directors' recommendation***

The Board of Directors, with Mr Math abstaining, recommend that Shareholders vote in favour of Resolution 5 as the Company will receive the benefits outlined above and the grant of Performance Rights will allow the Company to preserve cash to advance the definitive feasibility study for the Sintoukola Potash Project.

Mr Math declines to make a recommendation to Shareholders in relation to Resolution 5 as he has a material personal interest in the outcome of Resolution 5.

## Resolution 6 – Approval of Issue of Performance Rights to Jonathan Trollip

Mr Jonathan Trollip was appointed to the Board on 21 April 2016. The Board agreed to grant Mr Trollip the following Performance Rights, subject to Shareholder approval:-

Vesting Conditions	
Share Price - allocation matrix	2,000,000
25% straight line between A\$0.50 and A\$2.00	500,000
100%	2,000,000
<b>TOTAL</b>	<b>2,000,000</b>

### *Vesting of Performance Rights*

Performance Rights vest on the basis of one Share for each Performance Right vesting, calculated as follows:

- (c) For the first Vesting Period following issue, the number of Shares to be issued is:
- (i) where the 30 day average daily VWAP is less than \$0.50, nil.
  - (ii) where the 30 day average daily VWAP is \$0.50 or more, the Initial Tranche plus 1,000 Shares for each one tenth of a cent that the 30 day average daily VWAP exceeds \$0.50.
- (d) For the remainder of the Performance Right Term, the number of Shares to be issued is at the end of each Vesting Period is:
- (i) where the Initial Tranche has not been issued and the 30 day average daily VWAP for the current Vesting period is \$0.50 or more, the Initial Tranche plus 1,000 Shares for each one tenth of a cent that the 30 day average daily VWAP exceeds \$0.50 on the basis of one Share for each Performance Right.
  - (ii) where the 30 day average daily VWAP is less than the 30 day average daily VWAP for any pervious Vesting Period, nil.
  - (iii) where the 30 day average daily VWAP is equal to or more than the highest previous 30 day average daily VWAP, 1,000 Shares for each one tenth of a cent that the 30 day average daily VWAP exceeds the highest previous 30 day average daily VWAP.

Where:

“30 day average daily VWAP” means the average of the daily VWAP calculated using the 30 highest daily VWAPs during a Vesting Period.

“Initial Tranche” means 500,000 Shares to be issued where the 30 day average daily VWAP is \$0.50 or more.

“Performance Right Term” means the period on the day the Performance Rights are issued and ending on the fifth annual anniversary of the issue of the Performance Rights.

“Vesting Period” means a 6 month period commencing, in case of the first Vesting Period, on the day the Performance Rights are issued and thereafter on the day after the previous Vesting Period; for the duration of the Performance Right Term.

“VWAP” means daily volume weighted market price (as defined in the Listing Rules) for Shares.

**Note 1: For example:**

- (g) if the 30 day average daily VWAP for the first Vesting Period is \$0.55, then 550,000 Performance Rights will vest into 550,000 Shares at the end of that Vesting Period;**
- (h) if the 30 day average daily VWAP for the second Vesting Period is \$0.655, then a further 105,000 Performance Rights will vest into 105,000 Shares at the end of that Vesting Period;**
- (i) if the 30 day average daily VWAP for the third Vesting Period is \$0.649, then no Performance Rights will vest into Shares at the end of that Vesting Period;**
- (j) if the 30 day average daily VWAP for the fourth Vesting Period is \$0.85, then a further 195,000 Performance Rights will vest into 195,000 Shares at the end of that Vesting Period;**
- (k) if the 30 day average daily VWAP for the fifth Vesting Period is \$1.95, then a further 1,100,000 Performance Rights will vest into 1,100,000 Shares at the end of that Vesting Period; and**
- (l) if the 30 day average daily VWAP for the sixth Vesting Period is \$2.50, then the remaining Performance Rights held by the holder will vest, being 50,000 Performance Rights.**

**Performance Rights will vest in full (without any lock up requirements) should there be a change in control event which results in a person acquiring a relevant interest in more than 50% of the Shares in the Company.**

***Information required by the Corporations Act***

**For the purposes of section 219 of the Corporations Act and ASIC Regulatory Guide 76, the following information is provided to Shareholders to enable them to assess the merits of the resolution:**

- (b) The related party to whom Resolution 6 would permit the benefit to be given:  
Jonathan Trollip, a Non-Executive Director**
- (b) The nature of the financial benefit:  
The proposed financial benefits to be given are the issue of 2 million Performance Rights to Jonathan Trollip the terms of which are set out in this Explanatory Memorandum.**
- (c) Reasons for giving the benefit  
The Board independent of Mr Trollip have determined that the issue of 2 million Performance Rights to Mr Trollip recognises the skills and value that Mr Trollip will bring to the Company based on his past and current experience.**
- (c) Jonathan Trollip's existing relevant interest  
Jonathan Trollip does not hold any shares in the Company.**
- (d) Total remuneration package  
As a Non-Executive Director, Mr Trollip is being remunerated with A\$75,000 per annum.**
- (e) Dilution  
The Company's issued share capital will not change as a result of the issue of 2 million Performance Rights to Jonathan Trollip. However should all of the Performance Rights vest, a total of 2 million shares will be issued which represents 0.46% of current total shares on issued (433,361,970).**
- (f) Valuation of the financial benefit to be given  
The Company has obtained a valuation of the Performance Rights, which is set out in Schedule 1 to this Explanatory Memorandum.**
- (g) Other Information  
The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision on whether it is in the best interests of the Company to pass the Resolution.**

***Information required by the Listing Rules***

In compliance with the information requirements of ASX Listing Rule 10.15, Shareholders are advised of the following information:

- (j) **Nature of relationship between allottee and the Company**  
The Performance Rights are proposed to be issued to Mr Jonathan Trollip. Mr Trollip is a Non-Executive Director of the Company and, as such, is a related party of the Company.
- (k) **Details of the maximum number of securities that may be issued**  
The maximum number of securities that may be acquired by Mr Trollip under Resolution 6 is 2 million. A further 1 million securities may be acquired by Mr Leonard Math under Resolution 5.
- (l) **Issue price**  
The 2 million Performance Rights will be issued for nil cash consideration.
- (m) **Previous issues under the Plan**  
At the date of this Notice of Meeting no Performance Rights have been granted to Mr Trollip or any other Eligible Persons.
- (n) **Eligible participants under the Plan**  
Persons eligible to participate in the Plan are full time or part-time employees or executive or non-executive directors of the Company or a Related Body Corporate of the Company, being Messrs David Hathorn, Sean Bennett, Jonathan Trollip and Leonard Math.
- (o) **Voting exclusion statement**  
A voting exclusion statement for Resolution 6 is included in the Notice of General Meeting preceding this Explanatory Statement.
- (p) **Terms of any loan**  
The Company will not be providing a loan in connection with Mr Trollip's acquisition of Performance Rights under the Plan.
- (q) **Issue date**  
The Company will issue the Performance Rights under Resolution 6 on a date no later than 12 months after the date of this Annual General Meeting.
- (r) **Valuation of the Performance Rights**  
The value of the Performance Rights being given to Mr Trollip, and the pricing methodology is set out in Schedule 1.

***Directors' recommendation***

The Board of Directors, with Mr Trollip abstaining, recommend that Shareholders vote in favour of Resolution 6 as the Company will receive the benefits outlined above and the grant of Performance Rights will allow the Company to preserve cash to advance the definitive feasibility study for the Sintoukola Potash Project.

Mr Trollip declines to make a recommendation to Shareholders in relation to Resolution 6 as he has a material personal interest in the outcome of Resolution 6.

## Annexure A

---

### ELEMENTAL MINERALS LIMITED PERFORMANCE RIGHTS PLAN RULES

---

The Plan is administered by the Board in accordance with the Plan rules and the Plan operates as follows:-

(a) Plan Administration

The Board may administer the Plan in accordance with the Plan rules and otherwise as it determines from time to time in its absolute discretion. The Board may delegate their powers under the Plan.

(b) Eligibility

Persons eligible to participate in the Plan are full time or part time employees or executive or non-executive directors of the Company or a Related Body Corporate of the Company. There are currently approximately 14 Eligible Persons who may participate in the Plan.

The Board may, from time to time in its absolute discretion, issue or cause to be issued, offers on behalf of the Company to Eligible Persons. No issues of securities under the Plan may be made to Directors unless Shareholders have approved the issue at a general meeting.

(c) Performance Rights

The Board may invite Eligible executives to participate in the Plan and be issued Performance Rights that upon vesting entitle the holder to subscribe for Shares in respect of the vested Performance Rights.

A Performance Right does not confer on a participant the right to participate in new issues of Shares by the Company, including by way of bonus issue, rights issue or otherwise.

Performance Rights will not give any right to participate in dividends or any voting rights until Shares are issued or transferred to a Participant pursuant to the exercise of vested Performance Rights.

(d) Grant of Performance Rights

A participant will not pay anything for the grant of Performance Rights.

None of the Performance Rights will be listed for quotation on any stock exchange.

(e) Performance Conditions

The performance conditions applicable to any performance period relating to Performance Rights shall be determined by the Board in its absolute discretion from time to time.

In determining the Performance Conditions applicable to a Performance Right the Board may have regard to the Company's Remuneration Policy.

(f) Operation of the Plan

Offers to Eligible Persons will be in such form as the Board determines from time to time and will include relevant information including the number of Performance Rights which are capable of vesting if performance conditions are met, performance conditions, performance period, measurement date(s), expiry date etc.

Participation in the Plan requires the completed Application Form to be returned within the time period specified.

Eligible persons may nominate a nominee to be granted all the Performance Rights as specified in the Offer by notice in writing to the Board for the Board's approval. The Board has discretion to disallow that nominee, without providing a reason.

(g) Vesting of Performance Rights

A Performance Right will vest:-

(i) following determination by the Board whether and to what extent the performance conditions applicable to the measurement date have been satisfied;

(ii) if the Eligible Person retires, dies, becomes totally and permanently disabled or is made redundant, unless otherwise determined by the Board; or

(iii) a change of control event occurs.

(h) Capital Events

If there are certain variations of the share capital of the Company including a capitalisation or rights issue, sub-division, consolidation or reduction of share capital, a demerger or other distribution in specie, the Board may make such adjustments as it considers appropriate.



## Schedule 1

---

### VALUATION OF NON EXECUTIVE DIRECTORS PERFORMANCE RIGHTS

---

The Performance Rights to be issued to Messrs Math and Trollip pursuant to Resolutions 5 - 6 have been internally valued.

The variables required to value the Performance Rights are as follows:

Assumptions	NED Rights
Valuation date	13 April 2016
Spot price	\$0.18
Exercise price	Nil
Performance period	5 years
Expiry date	5 years
Expected future volatility	80%
Vesting schedule	Refer below
Risk free rate	2.09%
Dividend yield	0%

#### *Performance Period and Vesting Schedule*

The performance period varies for each tranche and is detailed in Table 1 below. We understand that the market based performance period is over 5 years.

*Table 1: Managing Director*

Tranche	Target	Vesting Schedule	No of shares L Math	No of shares J Trollip
Tranche 1	Market based	Entry price of A\$0.50 share price, at which 25% of performance rights will vest, rising on a straight line scale up to 100% of the grant should the share price reach level of A\$2.00 per share. The share price threshold will be calculated on a 30 days VWAP and will be tested every 6 months to determine the number of shares that have vested.	1,000,000	2,000,000

Using the above variables, RSM have calculated the value for the Performance Rights based on Monte-Carlo simulation model as follows:

<b>Performance Rights</b>	<b>Average Value per right</b>	<b>Number</b>	<b>Value</b>
<i>Leonard Math</i>			
- Share performance targets	<b>\$0.0824</b>	<b>1,000,000</b>	<b>\$82,400</b>
<i>Jonathan Trollip</i>			
- Share performance targets	<b>\$0.0824</b>	<b>2,000,000</b>	<b>\$164,800</b>
<b>TOTAL</b>		<b>3,000,000</b>	<b>\$247,200</b>

---

## SCHEDULE 2 - DEFINITIONS

In this Notice and Explanatory Statement:

<b>Associate</b>	has the meaning given to it for the purposes of ASX Listing Rule 14.11.
<b>ASX</b>	means the Australian Securities Exchange.
<b>Auditor's Report</b>	means the auditor's report of the Company included in the Company's Annual Report.
<b>AWST</b>	means the Australian Western Standard Time.
<b>Board</b>	means the board of Directors.
<b>Director</b>	means a director of the Company.
<b>Listing Rule</b>	means the listing rules of the ASX.
<b>Meeting</b>	means the meeting convened by this Notice (as adjourned from time to time).
<b>Notice</b>	means this notice of meeting.
<b>Ordinary Resolution</b>	means a resolution that has been passed by at least 50% of the votes cast by shareholders entitled to vote on the resolution.
<b>Plan</b>	means the Elemental Minerals Limited Performance Rights Plan.
<b>Proxy Form</b>	means the proxy form attached to this Notice.
<b>Remuneration Report</b>	means the remuneration report of the Company included in the Directors' Report section of the Company's Annual Report.
<b>Resolution</b>	means a resolution set out in the Notice of Meeting.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means the holder of a share in the Company.

*This page has been left blank intentionally.*

## PROXY FORM

### Shareholder Details

Name: .....

Address: .....

Contact Telephone No: .....

Contact Email Address: .....

Contact Name (if different from above): .....

### Step 1: Appointment of Proxy

I/We being a Shareholder/s of Elemental Minerals Limited and entitled to attend and vote hereby appoint

<input type="checkbox"/>	The Chairman of the meeting (mark with an 'X')	OR	<input style="width: 95%;" type="text"/>	Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.
--------------------------	--	----	--	--

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Elemental Minerals Limited to be held at the Duxton Hotel, 1 St Georges Terrace, Perth WA 6000 on 30 June 2016 at 3.00pm (AWST) and at any adjournment of that meeting.

Chairman authorised to exercise proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes my/our proxy by default) and am/are entitled to vote on the relevant Resolution, I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy in relation to Resolutions 1, 5 and 6 (and any motion for amendment of, or any procedural motion relating to that resolution) even though that resolution (and any such motion) may be connected directly or indirectly with the remuneration of a member of the key management personnel for the Company, and even though the Chairman is a member of the key management personnel. If the Chairman of the Meeting is (or becomes) your proxy, you can direct the Chairman how to exercise your proxy on Resolutions 1, 5 and 6 by marking the appropriate box below.

Chairman to vote undirected proxies in favour: I/we acknowledge that the Chairman of the Meeting intends to vote undirected proxies in favour of each of the proposed Resolutions (to the extent permitted by law).

### Step 2: Voting directions to your proxy – please mark to indicate your directions

Special Business	For	Against	Abstain *
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Mr Leonard Math	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-election of Mr David Hathorn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Re-election of Mr Jonathan Trollip	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Issue of Performance Rights to Mr Leonard Math	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Issue of Performance Rights to Mr Jonathan Trollip	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\*If you mark the Abstain box for a particular Resolution, 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.  
 Appointment of a second proxy (see instructions attached).

- If you wish to appoint a second proxy, state the % of your voting rights applicable to the proxy appointed by this  %

**PLEASE SIGN HERE** This section must be signed in accordance with the instructions attached to enable your directions to be implemented

<b>Individual or Shareholder 1</b> <input style="width: 95%; height: 25px;" type="text"/> Sole Director and Sole Company Secretary	<b>Shareholder 2</b> <input style="width: 95%; height: 25px;" type="text"/> Director	<b>Shareholder 3</b> <input style="width: 95%; height: 25px;" type="text"/> Director/Company Secretary
---	--	--

## How to complete this Proxy Form

### Your Name and Address

Please print your name and address as it appears on your holding statement and the Company's share register. If shares are jointly held, please ensure the name and address of each joint Shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

### Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a Shareholder of the Company.

### Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given Resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

### Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company on 08 9463 2495 or you may photocopy this form.

To appoint a second proxy you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

### 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: | to sign under Power of Attorney, you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.   |
| Companies:         | where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director 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. |

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate can be obtained from the Company's share registry.

### Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting. ie. no later than 3.00pm (AWST) on 28 June 2016. Any Proxy Form received after that time will not be valid for the scheduled meeting.

This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent or delivered to the Company's registered office at Level 3, 88 William Street, Perth Western Australia 6000 or sent by facsimile to the registered office on (08) 9463 2499 or by email to the registered office on [leonard.math@elementalminerals.com](mailto:leonard.math@elementalminerals.com).