

# KRUCIBLE METALS LIMITED

ABN 12 118 788 846

All correspondence and enquiries to:

**BoardRoom**  
Smart Business Solutions

Boardroom Pty Limited

ABN 14 003 209 836

GPO Box 3993

Sydney NSW 2001

Tel: 1300 737 760 (within Australia)

Tel: +61 2 9290 9600 (outside Australia)

Fax: +61 2 9279 0664

[www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

[enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

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## Notification Of Change in Terms and Conditions of Bonus Options (KRBO)

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13 July 2015

Dear Bonus Option Holder

At a Krucible Metals Limited General Meeting (EGM) to be held on 14 August 2015, the shareholders of the Company will be asked to approve a Capital Return to all shareholders registered on 20 August 2015 of A\$0.05 per share. The Directors of the Company expect shareholders to approve this resolution which will impact on the Terms and Conditions of the Bonus Options (KRBO) currently on issue.

In March 2014 the Company completed a pro-rata bonus issue to shareholders of Bonus Options with an exercise price of A\$0.05 per share expiring on 23 January 2016. In accordance with the Terms and Conditions of the Bonus Options (KRBO) in Section (i), where a capital reconstruction or reorganization occurs the Bonus Options must be treated in accordance with the Corporations Act and the ASX Listing Rules. Accordingly, at the date of any approval of the Capital Return the Corporations Act and the ASX Listing Rules require that the Bonus Option exercise price be reduced by the same amount as the approved Capital Return. Consequently if the Capital Return is approved at the EGM on 14 August 2015 the exercise price for the Bonus Options will reduce from A\$0.05 to nil and the Bonus Options can be exercised at any time before 23 January 2016 for no consideration.

The timetable for the approval of the proposed Capital Return has been set out in a Notice of Meeting sent to all shareholders on or about 15 July 2015. This timetable to the extent that it impacts on Option Holders is as follows:

Shareholders meeting	14 August 2015
Last day for trading in pre-return of capital quoted Bonus options	17 August 2015*
Trading in quoted Bonus options starts on normal T+3 basis	28 August 2015

\* Quoted Bonus options commence trading on a deferred settlement basis from 18 August 2015

The Directors of Krucible Metals Limited recommend that if approval for the Capital Return is obtained at the EGM on 14 August 2015 that you act as soon as possible thereafter to exercise your right to convert the Bonus Options into fully paid ordinary shares in the Company with **no consideration being payable**. The advantages of converting your Bonus Options as soon as possible after approval of the Capital Return include:

- Reduced risk that you do not convert your Bonus Options before the expiry date in early 2016;
- The ability to vote the Bonus Options converted to fully paid ordinary shares at all shareholder meetings from the time of exercising your Bonus Options;
- Reduced administrative costs to the Company in relation to the Bonus Options.

In order to exercise your right to convert the Bonus Options into fully paid ordinary shares in the Company, please follow the procedures detailed below:

- monitor the outcome the EGM to be held on 14 August 2015 to confirm that the Capital Return has been approved by shareholders
- complete the Notice attached on page 3 of this letter inserting details of Bonus Options held and return to the Share Registry in the enclosed reply paid envelope.

**NOTE:**

**IF THIS NOTICE IS COMPLETED AND RETURNED BEFORE 5PM (EST) ON TUESDAY 11 AUGUST 2015, THEN THE EXERCISE PRICE OF \$0.05 PER BONUS OPTION WILL BE PAYABLE. YOU WILL HOWEVER BE REGISTERED AND ISSUED FULLY PAID ORDINARY SHARES ENTITLING YOU TO VOTE AT THE EGM.**

**IF NO CONSIDERATION IS INCLUDED WITH THE REQUEST NOTICE, THE COMPANY WILL DISREGARD THIS CONVERSION REQUEST UNTIL AFTER THE RECORD DATE FOR ELIGIBILITY TO PARTICIPATE IN THE CAPITAL RETURN OR WILL DISREGARD THIS NOTICE IF THE CAPITAL RETURN IS NOT APPROVED.**

On behalf of the Board of Directors

Mike Meintjes  
Company Secretary

For personal use only

The Bonus Options were granted on the following terms and conditions:

- (a) Each Bonus Option entitles the holder to subscribe for one Share in the Company at a subscription price of \$0.05 per Share;
- (b) The Bonus Options are exercisable at any time on or before 5:00 pm (Brisbane time) on 23 January 2016 (**Expiry Date**) by completing an option exercise form and delivering it to the Company's share registry together with payment for the number of Shares in respect of which the Bonus Options are exercised;
- (c) The Bonus Options may be exercisable in whole or in part. If the Bonus Options are exercised in part, each notice of exercise must be for not less than 1,000 Shares and thereafter in multiples of 1,000 Shares;
- (d) Bonus Options not exercised by the Expiry Date will automatically lapse;
- (e) Shares issued upon exercise of the Bonus Options will rank equally in all respects with the Company's then existing Shares. The Company will apply to ASX for the Shares issued upon exercise of the Bonus Options to be admitted to quotation;
- (f) Subject to ASX Listing Rules, the Bonus Options are freely transferrable in whole or part at any time prior to the Expiry Date;
- (g) Subject to paragraphs (k), (l) and (m), the holder will not be entitled to participate in new issues of capital offered to holders of Shares in the Company prior to the exercise of the Bonus Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give the holders the opportunity to exercise their Bonus Options prior to the date for determining entitlements to participate in any such issue.
- (h) The Bonus Option holder will not have any right to attend and vote at general meetings.
- (i) In the event of any reconstruction or reorganisation (including consolidation, subdivision, reduction or return of capital) of the Company, the Bonus Options will be treated in a manner consistent with the Corporations Act and the ASX Listing Rules as in force as at the date of any such reconstruction.
- (j) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Bonus Options, the exercise price of the Bonus Options may be reduced in accordance with the formula set out in the ASX Listing Rules.
- (k) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issue of the Bonus Options, the number of securities over which a Bonus Option is exercisable may be increased by the number of securities which the Bonus Option holder would have received if the Bonus Option had been exercised before the record date for the bonus issue in accordance with the ASX Listing Rules.
- (l) Other than as provided for above, the Bonus Options do not confer any right upon the Bonus Option holder to a change in the exercise price of each Bonus Option or a change in the number of Shares over which each Bonus Option can be exercised.
- (m) Any notices to a Bonus Option holder regarding the Bonus Option will be sent to the address of the Bonus Option holder in the Register.
- (n) The Company is not responsible for any duties or taxes which may become payable in connection with the issue of Shares pursuant to an exercise of the Bonus Options or any other dealing with the Bonus Options or Shares.
- (o) The Company will apply for quotation of the Bonus Options on ASX, but there is no guarantee quotation will be granted, unless the conditions for quotation are satisfied. If the Bonus Options do not satisfy the quotation conditions, the Bonus Options will be issued and allotted but will be unlisted options that cannot be traded on ASX.

**NOTICE OF EXERCISE OF OPTION**

To: Krucible Metals Limited  
 C/- Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001

I / We .....  
 Name of Option holder/s (Please use block letters)

.....  
 Registered address of Option holder/s (Please use block letters)

hereby exercise my options to apply for .....  
(number in words) (in figures)

fully paid ordinary shares in the capital of Krucible Metals Limited and I/we enclose my/our cheque for

\$..... (payment only applicable if Notice is submitted prior to 5pm AEST on Tuesday 11 August 2015)

in payment of such shares at \$0.05/\$0.00 per option subscription. I/we request that you allot me/us on the share register the number of shares to which I am/we are entitled and I/we agree to accept such shares subject to the Company's Constitution.

**PLEASE SIGN HERE:**

Shareholder 1 (Individual)  
 \_\_\_\_\_  
 Sole Director & Sole Company Secretary

Joint Shareholder 2 (Individual)  
 \_\_\_\_\_  
 Director

Joint Shareholder 3 (Individual)  
 \_\_\_\_\_  
 Director / Company Secretary

Business Telephone No. ( ) \_\_\_\_\_

Date \_\_\_\_\_