

## **Metal Bank Limited New Options**

**Target Market Determination – 12 November 2021**

**Issuer: Metal Bank Limited ABN: 51 127 297 170 (MBK or the Company)**

### **Background and Important note**

On 26 October 2021, MBK announced a renounceable entitlement offer (**Entitlement Offer**) under which an Eligible Shareholder (as defined below) could apply for 2 ordinary shares in MBK (**Shares**) and one New Option (as defined below) for every 3 Shares the Eligible Shareholder held on 29 October 2021 (**Record Date**).

An Eligible Shareholder is an existing shareholder of MBK who held Shares on the Record Date and whose registered address is in Australia or New Zealand, or for certain sophisticated, institutional, or other limited numbers of Shareholders, in jurisdictions where the Company is satisfied that it is lawful to make the Entitlement Offer and issue the new securities under the Entitlement Offer.

A New Option is an option to subscribe for one Share at an exercise price of \$0.016 at any time until 7 December 2023.

New Options may only be subscribed for as part of the Entitlement Offer using the Entitlement and Acceptance Form which accompanies the Prospectus relating to the Entitlement Offer (**Prospectus**), available on our website at [www.metalbank.com.au](http://www.metalbank.com.au) or by contacting the Registry on 1300 288 664 (callers within Australia) or +61 2 9698 5414 (callers outside Australia) at any time between 9.00am to 5.00pm (AEDT) Monday to Friday. If Entitlements taken up by Eligible Shareholders pursuant to the Entitlement Offer are less than the number of new Securities available under the Entitlement Offer (**Shortfall Securities**), the Company may place the remaining Shortfall Securities under the Shortfall Offer to sophisticated, professional or institutional Investors (**Investors**) who are not Eligible Shareholders and who submit an Application Form to the Lead Manager of the Entitlement Offer.

This Target Market Distribution Guidance sets out the target market for the New Options, along with the distribution conditions, the review triggers and certain other information. It forms part of MBK's design and distribution framework.

This document is not a prospectus and is not a summary of the features or terms and conditions of the New Options. This document does not take into account the investment objectives, financial situation or needs of any person. In deciding whether to apply for New Options as part of the Entitlement Offer, a consumer should consider the Prospectus in full.

Capitalised terms have the meaning given to them in the Prospectus, unless otherwise defined. References to the Act are to the *Corporations Act 2001* (Cth).

### **Target Market Summary**

The New Options are designed for consumers who:

- are existing shareholders of MBK who have familiarity with MBK and the industry in which it operates;
- wish to increase their exposure to MBK;
- have a medium to long term investment timeframe;
- have a high or very high risk/return profile; and
- are financially capable of accepting the risks resulting from highly speculative investments.

### Target Market Distribution Guidance Indicator Key

The consumer attributes for which the New Options are likely to be appropriate have been assessed using a red/amber/green rating methodology with appropriate colour coding:

In target market	Potentially in target market	Not considered in target market
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Description of Target Market of New Options		
This part is required under section 994B(5)(b) of the Act		
Consumer Attributes	TMD Indicator of New Options	Description of New Options including key attributes
<b>Consumer's investment objective</b>		
Capital growth	In target market	<p>The New Options are to be issued as part of the Entitlement Offer. No issue price is payable in respect of the New Option.</p> <p>Each New Option will be listed and will be able to be sold on the ASX.</p> <p>Each New Option entitles the holder to subscribe for one Share in MBK at a subscription price of \$0.016 per Share. Each New Option may be exercised at any time prior to 5.00 pm on 7 December 2023.</p> <p>As is set out in the Prospectus, an investment in Shares in MBK, and as a consequence an investment in New Options, should be considered a highly speculative investment. In particular, there is no guarantee that there will be a market for New Options. Further, there is no guarantee that the price of Shares in MBK on the ASX will trade above \$0.016 either in the period prior to the exercise of a New Option or after any such exercise.</p>

Capital preservation	Not considered in target market						
Capital guaranteed	Not considered in target market						
Income distribution	Not considered in target market						
<b>Consumer's intended Entitlement Offer use</b>							
Solution/Standalone 75% to 100% Intends to hold investment as either a part or the majority (up to 100%) of total investable assets	Not considered in target market						
Core Component 25% to 75% Intends to hold investment as a major part (up to 75%) of total investable assets	Not considered in target market						
Satellite Less than 25% Intends to hold investment as a smaller part (up to 25%) of total investable assets	In target market						
<b>Consumer's investment timeframe</b>							
Short (Less than or equal to two years)	Not considered in target market						
Medium (More than two years and less than or equal to eight years)	In target market						
Long (More than eight years)	In target market						
<b>Consumer's risk (ability to bear loss) and return profile</b>							
Standard Risk Measure (SRM) The measure is based on industry guidance and is not a complete assessment of all forms of investment risk.	<b>1</b> Very low	<b>2</b> Low	<b>3</b> Low to Medium	<b>4</b> Medium	<b>5</b> Medium to high	<b>6</b> High	<b>7</b> Very high

Please refer to the Section 5 of the Prospectus for the Entitlement Offer for more information on the risks of an investment in the Company.							
Low	Not considered in target market	As noted above, the New Options are considered to be highly speculative and may not generate a return for the consumer. If there is an adverse decline in the share price of MBK so that Shares in MBK trade on the ASX at a price consistently below the exercise price of \$0.016, consumers may be subject to the risk of a loss of all or part of the exercise price payable on the exercise of a New Option.					
Medium	Not considered in target market						
High	Not considered in target market						
Very high	In target market						
<b>Consumers need to withdraw money</b>							
Daily	Not considered in target market	The New Options and, upon their exercise, Shares, may not be liquid assets and the ability of consumers to realise their investment and access their capital may be constrained.					
Weekly	Not considered in target market						
Monthly	Not considered in target market						
Quarterly	Not considered in target market						
Annually or longer	In target market						
<b>Appropriateness</b>							
This section is expected under RG 274.64-66							
The issuer has assessed the New Options and formed the view that the New Options are likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market as described above. Among other things, the attributes of the New Options in the 'Description of New Options including key attributes' column of the table above are consistent with the corresponding consumer attributes identified with a green rating (in the 'TMD indicator for New Options' column).							

### Distribution Conditions/Restrictions

This part is required under section 994B(5)(c) of the Act

Applicable	Distribution condition
Issuer	Only available to Eligible Shareholders who are existing shareholders of MBK or sophisticated, professional or institutional Investors and may only be accepted using the Entitlement and Acceptance Form accompanying the Prospectus, or in the case of Investors, may only be subscribed for by submitting an Application Form to the Lead Manager. The Issuer will not use other distributors in relation to consumers in connection with the New Options.
Lead Manager of Entitlement Offer	The Lead Manager may only offer New Options as part of the placement of the Shortfall Securities with Investors and not consumers.

### Appropriateness

Note: This section is expected under RG 274.96 and RG 274.100

The Issuer has assessed the distribution conditions, in the context of the distribution channels, and formed the view that the conditions are likely to guide the distribution of interests in the New Options towards the class of consumers for whom the New Options have been designed and that it is therefore likely that consumers who acquire interests in the New Options will be within the target market.

### Review Triggers

This part is required under section 994B(5)(d) of the Act

Requirement to lodge a supplementary disclosure document	If a new circumstance arises which requires the Issuer to prepare and lodge a supplementary prospectus in relation to the New Options under section 719 of the Act.
Issuer receives a material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) about the Entitlement Offer or its distribution	Use of Product Intervention Powers, regulator orders or directions that affect the New Options

### Mandatory Review Periods

This part is required under section 994B(5)(e) and (f) of the Act

Review Period	Maximum period for review
Initial review	13 months from date of Prospectus
Subsequent review	Annually

### Distributor Reporting Requirements

This part is required under section 994B(5)(g) and (h) of the Act

Reporting Requirement	Reporting period	Which distributors this requirement applies to
Complaints (as defined in section 994A(1) of the Act) relating to the New Options design, availability or distribution. The distributor should provide all the content of the complaint, having regard to privacy.	Within 13 months from date of issue	Issuer
Details of any significant dealing in the New Options outside of the target market (where a significant inconsistent dealing is determined in the same way as for section 994F(6) of the Act).	Within 13 months from date of issue	Issuer and Lead Manager
To the extent a distributor is aware, dealings in the New Options (whether or not significant) outside of the target market, including reason why dealing was outside of the target market.	Within 13 months from date of issue	Issuer and Lead Manager
Any information the issuer reasonably requires in order to assess the distributor's arrangements for compliance with Part 7.8A of the Act and/or to identify promptly whether a review trigger or other similar event or circumstance has occurred.	Within 13 months from date of issue	Issuer and Lead Manager

Distributors must report required information to MBK by email to [info@metalbank.com.au](mailto:info@metalbank.com.au).

If you have any queries regarding the New Options, please contact your stockbroker, accountant, other independent professional adviser or the Company's registry, Automatic Registry Services on 1300 288 664 (callers within Australia) or +61 2 9698 5414 (callers outside Australia) at any time between 9.00am to 5.00pm (AEDT) Monday to Friday, up to the Closing Date of the Entitlement Offer.