

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR
IMMEDIATE ATTENTION**

THE MATTERS RAISED IN THIS DOCUMENT WILL AFFECT YOUR SHAREHOLDING IN THE COMPANY. YOU ARE ADVISED TO READ THIS DOCUMENT IN ITS ENTIRETY BEFORE ATTENDING THE GENERAL MEETING WHICH HAS BEEN CONVENED BY AND IS REFERRED TO IN THIS DOCUMENT.

IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE, PLEASE CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, FINANCIAL ADVISER OR OTHER APPROPRIATE PROFESSIONAL ADVISER.

**MGT MINING LIMITED
ACN 120 236 142**

**NOTICE OF GENERAL MEETING
and Related Information including
INDEPENDENT EXPERT'S REPORT
and
EXPLANATORY MEMORANDUM**

THE INDEPENDENT EXPERT HAS DETERMINED THE PROPOSED TRANSACTION IS FAIR AND REASONABLE TO THE NON-ASSOCIATED SHAREHOLDERS OF THE COMPANY. AS AVIRA RECEIVES A NET BENEFIT AT THE LOW VALUATION FOR THE COMPANY'S GOLD ASSETS, THE INDEPENDENT EXPERT IS OF THE VIEW THAT AVIRA WILL RECEIVE A NET BENEFIT FROM THE COLLATERAL BENEFIT.

THIS DOCUMENT COMPRISES A NOTICE OF GENERAL MEETING OF MGT MINING LIMITED TO BE HELD AT MAZARS AUSTRALIA OFFICES, LEVEL 12, 90 ARTHUR STREET, NORTH SYDNEY, NSW, 2060 AT 10.00AM (AEST) ON WEDNESDAY, 28 JUNE 2017. INCLUDED IN THIS DOCUMENTATION IS AN EXPLANATORY MEMORANDUM. NOTE THAT IN ORDER FOR ANY PROXIES TO BE VALID FOR USE AT THIS GENERAL MEETING THESE PROXIES MUST BE COMPLETED AND RETURNED TO THE SHARE REGISTRY, LINK MARKET SERVICES LIMITED NO LATER THAN 10AM (AEST) ON THE 26 JUNE 2017.

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PART 1 ABOUT THESE DOCUMENTS

Shareholders in MGT Mining Limited ACN 120 236 142 (the **Company**) are being asked to consider the Resolutions set out in this Notice and the Explanatory Memorandum contained in these documents in connection with the transaction referred to in the Explanatory Memorandum.

You can vote by:

- (a) attending and voting at the Meeting; or
- (b) appointing someone as your proxy to attend and vote at the Meeting on your behalf, by completing and returning the Proxy Form in the manner set out on the Proxy Form. Part 7 of this document package comprises the Proxy Form and the manner in which the Proxy Form are to be completed is specified in Part 7. For the Proxy Form to be valid and therefore used at the meeting in accordance with your directions it is important that you properly follow the directions set out in the Proxy Form.

Please read the whole of the document carefully and determine how you wish to vote. Once you have decided how you wish to cast your vote complete the Proxy Form and forward it to the share registry, Link Market Services Limited as required or attend in person to vote on the resolutions.

PART 2 LETTER FROM THE COMPANY

6 June 2017

Dear Shareholder

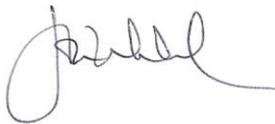
On behalf of the Board, I am inviting you to attend the General Meeting of MGT Mining Limited (**Company**) which has been convened on 28 June 2017 to obtain the approval of Shareholders in relation to the resolutions summarised below.

- **Resolution 1:** To approve the issue of 320,659,900 Shares and 70 million Options (and up to 70 million Shares if those Options are exercised) to Niflheim Resources Pte. Ltd (Singapore Company Number 201417253R) (**Niflheim**), upon conversion of a Secured Converting Note, in accordance with the Secured Converting Note and Option Agreement with Niflheim dated 24 March 2017 and the variation to the Secured Converting Note and Option Agreement dated 17 May 2017.
- **Resolution 2:** To appoint Eugene Loy as a Director of the Company.
- **Resolution 3:** To appoint Jason Ng as a Director of the Company.

A complete explanation of all resolutions can be found the Explanatory Memorandum in Part 5 of this document.

Your vote is important and as a Board we encourage you to either attend the Meeting in person or complete the Proxy Form accompanying the Notice of General Meeting and return it in accordance with the directions provided.

Yours sincerely



Jonathan Back
Executive Chairman

PART 3 NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of MGT Mining Limited ACN 120 236 142 (the **Company**) will be held at Mazars Australia Offices, Level 12, 90 Arthur Street, North Sydney, NSW, 2060 on Wednesday, 28 June 2017 at 10.00AM (AEST).

Definitions

Unless expressly otherwise provided, each capitalised term used in this Notice has the same meaning as is ascribed to it in Part 6 - Glossary of Terms.

ORDINARY BUSINESS

1. **Resolution 1: Approval of the issue of Shares and Options to Niflheim Resources Pte. Ltd (Singapore Company Number 201417253R)**

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

"In accordance with section 611, item 7 of the Corporations Act and for all other purposes, the Company be permitted and authorised to:

- (i) issue 320,659,900 Shares to Niflheim Resources Pte. Ltd (Singapore Company Number 201417253R); and*
- (ii) issue 70 million Options (and up to 70 million Shares if those Options are exercised) to Niflheim Resources Pte. Ltd (Singapore Company Number 201417253R)*

in accordance with the Secured Converting Note and Option Agreement between the Company and Niflheim Resources Pte. Ltd dated 24 March 2017 and the variation to the Secured Converting Note and Option Agreement dated 17 May 2017, as described in the Explanatory Memorandum."

Note: Shareholders should carefully consider the Independent Expert's Report prepared by Nexia Sydney Corporate Advisory Pty Ltd for the purposes of the Shareholder approval required under section 611, item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the Proposed Transaction to the non-associated Shareholders. The Independent Expert has determined the Proposed Transaction is fair and reasonable to the non-associated Shareholders of the Company.

2. **Resolution 2: Appointment of Eugene Loy as a Director of the Company**

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

"That, Eugene Loy, having consented to act, be appointed as a Director of the Company."

3. **Resolution 3: Appointment of Jason Ng as a Director of the Company**

To consider and, if thought fit, to pass the following ordinary Resolution:

"That, Jason Ng, having consented to act, be appointed as a Director of the Company."

VOTING EXCLUSIONS

In accordance with the voting restrictions of item 7 section 611 of the Corporations Act, the Company will disregard any votes on Resolution 1 cast by or on behalf of Niflheim, and any associate of Niflheim.

Since Avira has entered into an initial and amended agreement with Niflheim in relation to the affairs of the Company, Avira and Niflheim are associates as defined in section 12(2)(b) of the Corporations Act. In these circumstances, Avira is excluded from voting on Resolution 1 as required by paragraph (a)(i) of item 7 of section 611 of the Corporations Act.

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.

There are no voting exclusions applicable to Resolutions 2 and 3.

Dated: 6 June 2017

By order of the Board



Company Secretary

PART 4 NOTICE REQUIREMENTS FOR RESOLUTIONS

Resolutions being put to shareholders require at least 21 days prior notice to shareholders to be given in this Notice of General Meeting and such notice constitutes sufficient notice for the purposes of the *Corporations Act* and rule 32 of the Company constitution.

PART 5 EXPLANATORY MEMORANDUM

Section 1: Introduction

1.1 Background

The information in this Explanatory Memorandum is provided to Shareholders in respect of the various matters, including corporate actions, transactions and requirements of the *Corporations Act* that are submitted to shareholders for their approval in compliance with various regulatory and statutory requirements.

1.2 Action required by Shareholders

The information contained in this documentation is important in deciding how shareholders should vote on the Resolutions. Shareholders should read all of the documents carefully and in their entirety. If you do not understand any part of the documentation or are in any doubt as to the course of action you should follow you should contact your legal, financial or other professional adviser immediately.

1.3 Vote on Resolutions

You are encouraged to attend and vote at the Meeting. If you are unable to do so or do not wish to attend the Directors urge you to use your vote by completing and returning the enclosed Proxy Form as directed - see Part 7.

Section 2: Explanation of Proposed Resolutions

Resolution 1 - Approval of the issue of 320,659,900 Shares and 70 million Options (and up to 70 million Shares if those Options are exercised), upon conversion of a Secured Converting Note, pursuant to the conditional Secured Converting Note and Option Agreement with Niflheim Resources Pte. Ltd

2.1 Background

Resolution 1 seeks Shareholder approval for the issue of 320,659,900 Shares and 70 million options (with an exercise price of \$0.00561 per option) to Niflheim Resources Pte Ltd (Singapore Company Number 201417253R) (**Niflheim**), upon conversion of a Secured Converting Note, pursuant to the Secured Converting Note and option agreement with Niflheim dated 24 March 2017 (**Secured Converting Note and Option Agreement**) and the variation to the Secured Converting Note and Option Agreement dated 17 May 2017, for the purposes of item 7 section 611 of the Corporations Act and for all other purposes.

On 24 March 2017, the Company signed a Secured Converting Note and Option Agreement with Niflheim, whereby Niflheim agreed to advance \$1.8 million to the Company for one (1) Secured Converting Note issued by the Company with a face value of \$1.8 million (converting into 320,659,900 Shares), and 70 million options to be issued by the Company with an exercise price of \$0.00561 per ordinary share (for no additional consideration). The use of the funds is as follows:

- repayment of a secured loan in the amount of \$1,500,000 plus interest of 6.5% per annum, payable at the time of redemption owing to Taimetco International Co.,

Limited that was due and payable on 31 March 2017. Taimetco International Co., Limited subsequently extended the due date of the secured loan so that \$945,000 was payable on 31 March 2017, and the remaining \$750,534 was due and payable on 30 April 2017, and was repaid in full on 6 April 2017; and

- part repayment of an existing intercompany loan in the amount of \$100,000 to Avira Energy Limited ACN 131 715 645 (**Avira**) dated 21 March 2012 (**Intercompany Loan**).

Under the terms of the Secured Converting Note and Option Agreement, the Secured Converting Note held by Niflheim would automatically convert, on the satisfaction or waiver of the following conditions precedents:

- (a) the Company must use its best endeavours to obtain all regulatory, shareholder and other approvals as may be required in relation to the conversion of the Secured Converting Note into Shares and the issue of 70 million Options (and the issue of the underlying Shares upon exercise of some or all of those Options), such approval(s) including but not limited to seeking and recommending shareholder approval pursuant to section 611 item 7 of the Corporations Act; and
- (b) the Company must pay \$100,000 to Avira under the Intercompany Loan and subsequently procure forgiveness of the substantial majority of the Intercompany Loan, with only \$850,000 remaining, which is due and payable within 90 days. The \$850,000 remaining Intercompany Loan can be repaid in cash or through the transfer of the Company's gold assets to Avira following any necessary shareholder approval, if required. No interest is payable on the residual Intercompany Loan of \$850,000..

This General Meeting is being convened for the purposes of obtaining Shareholder approval and for the purposes of satisfying the condition precedent in paragraph (a) above. Avira has advised the Company that it will forgive the substantial majority of the Intercompany Loan with only \$850,000 which will remain outstanding and due and payable within 90 days, immediately upon the condition precedent in (a) being satisfied. Accordingly, if Shareholders approve Resolution 1, the Secured Converting Note will effectively automatically convert into 320,659,900 Shares, 70 million Options will be issued and the assets of the Company will no longer be secured in favour of Niflheim.

A summary of the key principal features of the Note Terms (Schedule 1 of the Secured Converting Note and Option Agreement) and the clauses in the Secured Converting Note and Option Agreement which relate to the Secured Converting Note, is attached as Annexure 1 of this Notice.

A summary of the key principal features of the Option Terms (Schedule 5 of the Secured Converting Note and Option Agreement) and clauses in the Secured Converting Note and Option Agreement which relate to the issue of the Options, is attached as Annexure 2 of this Notice.

2.2 Item 7 of section 611 of the Corporations Act

(a) Relevant interests

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on

behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point that is above 20% to below 90%.

The voting power of a person in a company is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

A person has a relevant interest in securities if they:

- (i) are the holder of the securities;
- (ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (iii) have the power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

(b) Exception to the section 606 prohibition

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition under section 606 of the Corporations Act. This exception provides that a person may acquire a relevant interest in a company's voting shares with shareholder approval.

In order for the exemption of item 7 of section 611 of the Corporations Act to apply, shareholders must be given all information known to the person making the acquisition and their Associates or the Company, that was material to the decision on how to vote on the resolution, including:

- (i) the identity of the person proposing to make the acquisition and their Associates;
- (ii) the maximum extent of the increase in that person's voting power in the company that would result from the acquisition;
- (iii) the voting power that person would have as a result of the acquisition;
- (iv) the maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition; and
- (v) the voting power that each of that person's Associates would have as a result of the acquisition.

For responses on these matters, see paragraphs 2.3 and 2.4 below.

(c) Why Shareholder approval is required

As at the date of this Notice of General Meeting, Niflheim does not hold any Shares in the Company. At the date of this Notice, the total issued share capital of the Company is 106,886,708 Shares, nil options and a \$1.8 million secured converting note.

If Shareholder approval is given for Resolution 1:

- the Secured Converting Note will automatically convert into 320,659,900 ordinary shares (being 75% of the ordinary shares on issue on the Conversion Date on a post money basis), subject to the satisfaction or waiver of the conditions precedent set out in the Secured Converting Note and Option Agreement;
- 70 million Options will be issued to Niflheim; and
- Niflheim will release the security it holds over all the assets of the Company.

This increase in Niflheim's relevant interest in the Company from less than 20% to more than 20% is prohibited under section 606 of the Corporations Act unless Shareholder approval is granted for Resolution 1.

2.3 Information for Shareholders under item 7 of section 611 of the Corporations Act

The following information is provided to Shareholders for the purposes of the requirements under the Corporations Act in respect of obtaining Shareholder approval for item 7 of section 611 of the Corporations Act:

- (a) Niflheim is the person proposing to make the acquisition (that is, the person who will be issued with the Shares and Options); and
- (b) the maximum extent of the increase in voting power of Niflheim in its own right is 78.5%, assuming the 70 million Options are exercised and no other equity securities are issued.

2.4 Dilution as a result of the Resolution 1

The effect of the Resolution 1 on the capital structure of the Company is as follows:

Niflheim Resources Pte. Ltd (Niflheim)	Number of Shares to be held by Niflheim	Voting power held by Niflheim as a %	Total Shares on issue in the Company
Number of share held by Niflheim as at the date of General Meeting	nil	0%	106,886,708
Shares that will be held by Niflheim on conversion of the Secured Converting Note and exercise of Options, with Resolution 1 passed	320,659,900 <u>+ 70,000,000</u> 390,659,900	78.5%	497,546,608

2.5 Information for Shareholders required by ASIC Regulatory Guide 74 (RG 74)

Further information required by ASIC Regulatory Guide 74 (RG 74) is set out in the following paragraphs.

(a) *an explanation of the reasons for the proposed acquisition*

The Secured Converting Note and Option Agreement was entered into by the Company for the purposes of:

- repaying the secured loan arrangement with Taimetco International Co., Limited in the amount of \$1,500,000 plus interest and other costs pursuant to the loan agreement dated 6 February 2015 between the Company and Taimetco International Co., Limited; and
- partially repaying an existing Intercompany Loan in the amount of \$100,000 to Avira, and subsequently procuring forgiveness of the substantial majority of the Intercompany Loan, with only \$850,000 remaining, which is due and payable within 90 days.

(b) *when the proposed acquisition is to occur*

The Company intends to immediately issue the Shares and Options if Shareholder approval is obtained.

(c) *the material terms of the proposed acquisition*

This information is set out in Annexure 1 and Annexure 2.

(d) *details of the terms of any other relevant agreement between the acquirer and the target entity or vendor (or any of their associates) that is conditional on (or directly or indirectly depends on) members' approval of the proposed acquisition*

- (i). Management Fee and Capital Raising Fee

The Company will pay Niflheim's nominees a 1% management fee and 5% capital raising fee on funds raised. Niflheim will appoint two executive Directors to the Company's board and all but one of the existing Directors of the Company will resign.

(ii). Secured loan between Niflheim and Avira Energy Limited (**Avira**)

Niflheim has agreed to extend a \$200,000 loan to Avira, secured against the 95,638,256 shares that Avira holds in the Company. The secured loan expires within 3 months of issue. There is no interest payable on the secured loan.

If Avira defaults on the secured loan, Niflheim will be able to enforce their security interest over Avira's shares in the Company and thus increase their percentage interest in the Company.

However, Niflheim will not be able to enforce their security over Avira's shares in the Company without first complying with all applicable laws, including without limitation, the requirement to obtain shareholder approval under section 611 item 7 of the Corporations Act, if the Company is subject to the Australian takeovers laws at the time that the security is enforced.

If Niflheim seeks to enforce its security interest over Avira's shares in the Company and convenes a shareholder meeting under section 611 item 7 of the Corporations Act in order to obtain shareholder approval to do so, Avira would be excluded from voting under section 611 item 7 because Avira is a person from whom the acquisition is to be made.

(e) *a statement of the acquirer's intentions regarding the future of the target entity if members approve the acquisition and, in particular:*

(a) *any intention to change the business of the entity*

Niflheim has no present intention to change the business of the Company.

(b) *any intention to inject further capital into the entity*

Niflheim has no present intention to inject any further capital into the Company as at the date of this Notice.

(c) *the future employment of present employees of the entity*

Niflheim has no present intention to make any changes to the employment arrangements of the present employees of the Company.

(d) *any proposal where assets will be transferred between the entity and the acquirer or vendor or their associates*

Niflheim has no present intention to transfer any assets between the Company and Niflheim or any person associated with it.

(e) *any intention to otherwise redeploy the fixed assets of the entity*

Niflheim has no present intention to redeploy the fixed assets of the Company.

- (f) *any intention of the acquirer to significantly change the financial or dividend distribution policies of the entity*

Niflheim has no present intention to significantly change the financial or dividend policies of the Company.

- (g) *the interests that any director has in the acquisition or any relevant agreement disclosed under RG 74.25(d)*

None of the Directors are a related party or associate of either Niflheim or have an interest in Resolutions 1 to 2 (other than an interest as non-associated Shareholders).

- (h) *the following details about any person who is intended to become a director if members approve the acquisition:*

Eugene Loy and Jason Ng are intended to become Directors of the Company if Resolution 1 is approved.

2.6 Independent Expert's Report

In accordance with the requirements of RG 74, the Directors engaged the Independent Expert to prepare and provide the Independent Expert Report which contains an analysis of whether the Proposed Transaction is fair and reasonable for non-associated Shareholders.

The Independent Expert has concluded that the Proposed Transaction is fair and reasonable for non-associated Shareholders. For a summary of the Independent Expert's findings please refer to pages 2 to 5 of the Independent Expert's Report.

The Independent Expert has given, and not before the date of the Notice withdrawn, its consent to the inclusion of the Independent Expert's Report in Annexure 3 of this document and to the references to the Independent Expert Report in this Explanatory Memorandum being made in the form and context in which each such reference is included.

2.7 Advantages and disadvantages

Advantages of the issue of the Shares and Options to Niflheim

The Board is of the opinion that the benefits of issuing the 320,659,900 Shares and the 70 million Options to Niflheim may include the part repayment of the Intercompany Loan between the Company and Avira Energy Limited dated 21 March 2012, the forgiveness of the substantial majority of the Intercompany Loan by Avira with only \$850,000 remaining, together with the repayment of the secured loan arrangement between the Company and Taimetco International Co., Limited. This significantly reduces the Company's net liability position and significantly improves the balance sheet of the Company. If Shareholders do not approve Resolution 1, the Company would need to repay \$1.8 million plus interest to Niflheim. The Company currently does not have \$1.8 million and would need to raise capital or obtain debt finance on an urgent basis on terms that may not be favourable to the Company or its Shareholders. If it was unable to raise the necessary funds, the Company may need to consider going into voluntary administration.

Potential disadvantages of the issue of the Shares and Options to Niflheim

Some of the Company's existing tax losses may have to be utilised on the forgiveness of the debt. The Company had tax losses of \$20.7 million at 30 June 2016. As part of the Proposed Transaction, the Company will have approximately \$8.3 million (based on balances at 31 March 2017) of debt forgiven that may utilise these losses.

Furthermore, if Niflheim converts their Secured Converting Note to Shares and exercises their Options, Niflheim would hold 78.5% voting power, which would exert significant influence. However, the Directors consider that any dilution of Shareholders' interests will be offset by the immediate benefits of the debts to Avira and Taimetco International Co., Limited being repaid and/or forgiven.

2.8 Collateral Benefit

At 31 March 2017, the Company owed Avira \$8.34 million under the Intercompany Loan. The remaining \$850,000 after the debt forgiveness is due and payable within 90 days either through repayment in cash or the transfer of the Company's gold assets to Avira as full settlement (**Collateral Benefit**).

The Independent Expert's Report in Annexure 3 considers any net collateral benefit to Avira through the part repayment of the loan either in cash or by the transfer of the Company's gold assets. In determining the fairness of the Collateral Benefit, the Independent Expert considered Avira's position regarding the recoverability of amounts owed from the Company prior to the Proposed Transaction to its position after the provision of the Collateral Benefit. The Independent Expert's Report opines that at the low valuation for the Company's gold assets, Avira receives a net benefit from the Collateral Benefit. At the mid and high valuations of the Company's gold assets, Avira does not receive a net benefit from the Collateral Benefit. As Avira receives a net benefit at the low valuation for the Company's gold assets, the Independent Expert is of the view that Avira will receive a net benefit from the Collateral Benefit. For a summary of the Independent Expert's findings please refer to pages 2 to 5 of the Independent Expert's Report in Annexure 3.

2.9 Recommendation of the Directors

The Directors unanimously approved the proposal to put Resolution 1 Shareholders for their approval.

The Board has carefully considered the advantages and disadvantages and evaluated their relative weight in the circumstances of the Company. The Board unanimously believes that the sum of the advantages outweighs the sum of the disadvantages and that the issue of the Shares and Options to Niflheim are in the best interests of existing Shareholders as a whole for the reasons set out in this Explanatory Memorandum and the Independent Expert's Report.

All the Directors intend to vote in favour of Resolution 1, and recommend Shareholders to vote in favour of Resolution 1.

Resolutions 2 and 3 - Appointment of Directors

Resolutions 2 and 3 are put to the Shareholders to consider the appointment of each of Eugene Loy and Jason Ng as Directors of the Company.

3.1 Resolution 2 - Appointment of Eugene Loy as a Director of the Company

A brief summary of Eugene Loy's qualifications and experience is set out below:

Eugene Loy is the principal of Orca Capital Pte Ltd, a boutique corporate advisory firm. He has over 12 years experience in commercial banking, capital markets and corporate advisory. He currently serves as Chief Operations Officer of Raiiden Pte Ltd . Eugene previously served as a director of ASX Listed Ziptel Limited (ASX:ZIP) and director of ASX listed LWP Technologies Limited (ASX:LWP). Eugene is a member of the Australian Institute of Company Directors.

3.2 Resolution 3 - Appointment of Jason Ng as a Director of the Company

A brief summary of Jason Ng's qualifications and experience is set out below:

Jason Ng is the Professional Field Engineer with DXC Technology (a recent merger of Computer Sciences Corporation and Hewlett Packard Enterprise Services). He has over 15 years experience in the Information Technology space within the mining and manufacturing industries. He has worked extensively with Fuji Xerox Australia, WMC Resources Ltd, BHP Billiton, and Bluescope Steel.

3.3 Recommendation of the Directors

All the Directors intend to vote in favour of Resolutions 2 and 3, and recommend Shareholders to vote in favour of Resolutions 2 and 3. In order to maintain an efficient and cost-effective board comprised of 3 Directors, if Resolutions 2 and 3 are approved by Shareholders, both Jonathan Back and Christopher Chen have indicated they will resign at the conclusion of the General Meeting.

PART 6 GLOSSARY OF TERMS

Defined Terms

The following definitions are used in the Notice of General Meeting and the Explanatory Memorandum.

General Meeting means the general meeting of the Company to be held on 28 June 2017 pursuant to the Notice of General Meeting.

ASIC means the Australia Securities & Investments Commission.

ASX means ASX Limited ACN 008 624 691.

Avira or Avira Energy means Avira Energy Limited ACN 131 715 645

Board means the Board of Directors.

Chairman means the chairman of the Board at the relevant time.

Company means MGT Mining Limited ACN 120 236 142.

Constitution means the constitution of the Company, as amended from time to time.

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

Director means a member of the Board of Directors of the Company.

Explanatory Memorandum means the explanatory memorandum set out in Part 5 of this document.

Intercompany Loan means the intercompany loan provided by Avira Energy Limited ACN 131 715 645 to the Company pursuant to an intercompany loan agreement dated 21 March 2012 which as at 31 March 2017 had a balance of \$8.34 million.

Member means a person who is recorded on the Company Register pursuant to s169(1) of the Corporations Act.

Niflheim means Niflheim Resources Pte Ltd (Singapore Company Number 201417253R).

Notice of General Meeting or **Notice** means the notice of General Meeting set out in Part 3 of this document.

Proposed Transaction means the issue of 320,659,900 Shares and 70 million Options to Niflheim, and other arrangements between the Company and Niflheim as set out in Section 2 Part 5 of this Notice.

Proxy Form means the proxy form set out in Part 7 which forms part of these Documents.

Option means an option to subscribe for one ordinary share in the Company, having a nil issue price, an exercise price of \$0.00561 per Share and issued in accordance with the provisions in the Secured Converting Note and Option Agreement between the Company and Niflheim Resources Pte Ltd dated 24 March 2017 and the option terms in Schedule 5 of that agreement. **Options** means any two or more of them.

Resolutions means the resolutions set out in the Notice.

Secured Converting Note means the secured redeemable converting note issued by the Company, having:

- (i) a face value of \$1.8 million; and
- (ii) the rights attached to it and being subject to the conditions contained in the Secured Converting Note and Option Agreement between the Company and Niflheim Resources Pte Ltd dated 24 March 2017, the note terms in Schedule 1 of that agreement and the variation to the Secured Converting Note and Option Agreement dated 17 May 2017.

Secured Converting Note and Option Agreement means the Secured Converting Note and Option Agreement between the Company and Niflheim Resources Pte. Ltd dated 24 March 2017.

Share means a fully paid ordinary share in the issued capital of the Company and **Shares** means any two or more of them.

Shareholder means a holder of a Share.

Taimetco International Co., Limited means Taimetco International Co., Limited of 306 Victoria House, Victoria, Mahe, Seychelles.

Interpretation

In these documents, unless the context requires otherwise:

- (a) A reference to a word includes the singular and the plural of the word and vice versa;
- (b) A reference to a gender includes any gender;
- (c) If a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
- (d) A term which refers to a natural person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture or a governmental agency;
- (e) Headings are included for convenience only and do not affect interpretation;
- (f) A reference to a document includes a reference to that document as amended, novated, supplemented, varied or replaced;
- (g) A reference to a thing includes a part of that thing and includes but is not limited to a right;
- (h) The terms "included", "including" and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;
- (i) A reference to a statute or statutory provision includes but is not limited to:
 - (i) a statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;
 - (ii) a statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and
 - (iii) subordinate legislation made under the statute or statutory provision including but not limited to an order, regulation or instrument;
- (j) Reference to "\$", "A\$", "Australian Dollars" , "dollars" or "cents" is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia;

- (k) A reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise.

PART 7 PROXIES AND PROXY FORM

- (a) **Right to appoint:** Each member entitled to vote at the meeting has the right to appoint a proxy to attend and vote for the member at the meeting. To appoint a proxy, use the Proxy Form sent out with this Notice.
- (b) A proxy or attorney is not entitled to vote while the member appointing them is present at the meeting.
- (c) **Who may be a proxy:** A member can appoint anyone to be their proxy. A proxy need not be a member of the Company. The proxy appointed can be described in the Proxy Form by an office held, eg "Chair of the Meeting".
- (d) **Two proxies:** A member who is entitled to two or more votes at the meeting, may appoint two proxies. Where two proxies are appointed:
- (i) a separate Proxy Form should be used to appoint each proxy; and
 - (ii) the Proxy Form may specify the proportion, or the number, of votes that each proxy may exercise, and if it does not do so each proxy may exercise half of the votes.
- (e) **Signature(s) of individuals:** In the case of members who are individuals, the Proxy Form must be signed if the shares are held:
- (i) by one person, by that member; or
 - (ii) in joint names, by any one of them.
- (f) **Signatures on behalf of companies:** In the case of members which are companies, the Proxy Form must be signed:
- (i) if it has a sole director who is also sole secretary, by that director (and stating that fact next to or under the signature on the Proxy Form); or
 - (ii) in the case of any other company, by two directors or by a director and secretary.

The use of the common seal of the company on the Proxy Form is optional.

- (g) **Lodgement place and deadline:** Proxy forms must be received by the share registry, Link Market Services Limited with the original or a certified copy of the authority under which the Proxy Form is signed (if the Proxy Form is signed by an attorney or other representative):

BY MAIL: MGT Mining Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

ONLINE: www.linkmarketservices.com.au
BY FACSIMILE: 9287 0309 (Within Australia) - +61 2 9287 0309 (Outside Australia)

by no later than 10AM (AEST) on 26 June 2017.

CORPORATE REPRESENTATIVES

A body corporate may appoint an individual to act as its representative to exercise any of the powers the body may exercise at meetings of a company's members. Unless otherwise stated, the corporate representative may exercise all of the powers the appointing body can exercise. The certificate evidencing the appointment of a corporate representative (or a photocopy or facsimile of it) shall be sufficient evidence of the authority of the representative. The certificate evidencing the appointment of a corporate representative (or a photocopy or facsimile of it) must be received by the share registry, Link Market Services Limited as outlined on the proxy form by no later than 10AM (AEST) on 26 June 2017.

MEMBERS WHO ARE ENTITLED TO VOTE

The Directors have determined that a person's entitlement to vote at the meeting will be the entitlement of that person set out in the register of members as at 7PM (AEST) on 26 June 2017.

Annexure 1 Summary of the Note Terms and the clauses in the Secured Converting Note and Option Agreement which relate to the Secured Converting Note

This is a summary of the key principal features of the Note Terms (Schedule 1 of the Secured Converting Note and Option Agreement) and the clauses in the Secured Converting Note and Option Agreement which relate to the Secured Converting Note.

Issuer	MGT Mining Limited (Company)
Subscriber	Niflheim Resources Pte Ltd (Singapore Company Number 201417253R) (Noteholder)
Subscription amount	AUD\$1.8 million
Face Value	AUD\$1.8 million
Maturity Date	Upon both conditions in clause 3 being fulfilled, the Secured Converting Note will automatically convert into the Conversion Shares.
Coupon	<p><u>Clause 2 of the Note Terms (Schedule 1 of the Secured Converting Note and Option Agreement)</u></p> <p>(a) Subject to clause 2(d) of these Note Terms, the Note bears interest from the Issue Date at the rates of:</p> <p>(i) 10% per annum for the first two calendar months from the Issue Date; and</p> <p>(ii) 15% per annum on and from the third calendar month from the Issue Date.</p> <p>(b) Simple interest will be calculated from and including the Issue Date until and including the Conversion Date or Redemption Date. The interest will be payable rounded to the nearest cent to the Noteholder.</p> <p>(c) The Company will pay interest to the Noteholder in a lump sum on the earlier of the Conversion Date or Redemption Date. Unpaid interest will be paid to the Noteholder on the Redemption Date or Conversion Date at the Company's discretion.</p> <p>(d) Interest is only payable at the discretion of the board of directors of the Company and is not due until the board of directors of the Company resolves to pay interest on the Note.</p> <p>(e) The Company must procure that its board of directors resolve to pay interest on the Note if the Note converts into Conversion Shares or the Company otherwise has sufficient surplus funds available to pay all accrued interest.</p> <p>Definitions:</p> <p>Conversion Date means the date of issue of Ordinary Shares upon conversion of the Note.</p>

	<p>Conversion Shares means the number of Ordinary Shares issuable on conversion of the Note being 320,659,900 Ordinary Shares being 75% of the Ordinary Shares on issue on the Conversion Date on a post money basis.</p> <p>Issue Date means the date of issue of the Note.</p> <p>Redemption Date means the date on which the Note is redeemed in accordance with the Note Terms.</p> <p>Note means the secured redeemable converting note issued by the Company, having:</p> <ul style="list-style-type: none"> a) a face value of \$1.8 million; and b) the rights attached to it and being subject to the conditions contained in this agreement and the Note Terms.
Conditions Precedent and Approvals	<p><u>Clause 3.1 of the Secured Converting Note and Option Agreement</u></p> <p>The obligation on the Company to convert the Secured Converting Note and issue the Options does not become binding, and the issue of the Shares and Options must not take place, until each of the conditions listed below have been either satisfied or waived in accordance with clause 3.3:</p> <ul style="list-style-type: none"> (a) pay \$100,000 to Avira Energy Limited under the Intercompany Loan and subsequently the Company must use its best endeavours to obtain all regulatory, shareholder and other approvals as may be required in relation to the conversion of the Secured Converting Note into the conversion Shares and the issue of 70 million Options (and the issue of the underlying Shares upon exercise of some or all of those Options), such approval(s) including but not limited to seeking and recommending shareholder approval pursuant to section 611 item 7 of the Corporations Act; and (b) the Company must procure forgiveness of the substantial majority of the Intercompany Loan, with only \$850,000 remaining, which is due and payable within 90 days. The \$850,000 remaining Intercompany Loan can be repaid in cash or through the transfer of the Company's gold assets to Avira following any necessary shareholder approval, if required. No interest is payable on the residual Intercompany Loan of \$850,000. <p><u>Clause 3.3 of the Secured Converting Note and Option Agreement</u></p> <p>The conditions above may only be waived in writing by the party that is named as being able to waive that condition.</p>
Security	The Secured Converting Note is a secured obligation of the Company.
Quotation	No application has been or will be made for the Secured Converting Note or Shares to be admitted to quotation on any recognised securities exchange (Section 8)
Conversion	<p>The Company must issue a Conversion Notice within five Business Days of the Conversion Date.</p> <p>Method of conversion</p> <ul style="list-style-type: none"> (a) On satisfaction of both conditions:

	<ul style="list-style-type: none"> (i) the Company will automatically convert the Secured Converting Note into the conversion Shares and must pay any interest accrued in accordance with clause 2(d) of the Note Terms to the Noteholder; (ii) the Noteholder irrevocably and unconditionally directs the Company to apply the whole of the principal amount (\$1.8 million) to subscribe for the conversion Shares; and (iii) the Noteholder consents to being a member of the Company and being bound by the Company's constitution on and from the conversion date. <p>(b) The issue of ordinary shares as a result of the conversion of the Secured Converting Note will be treated for all purposes as full repayment of the amount outstanding with respect to the Note and the obligations of the Company in relation thereto will thereupon cease, except in respect of any obligation or liability which has arisen on or before the conversion date.</p>
Redemption by Noteholder	<p><u>Clause 3 of the Note Terms (Schedule 1 of the Secured Converting Note and Option Agreement)</u></p> <p>The Secured Converting Note the subject of redemption is redeemable for an amount in cash equal to the principal amount (\$1.8 million) of the Secured Converting Note the subject of redemption and all other amounts outstanding on the Secured Converting Note including any interest and the Company must pay to the Noteholder this amount on the Redemption Date.</p> <p>The Secured Converting Note held by the Noteholder is redeemable, at the election of the Noteholder, on the occurrence of an Event of Default.</p> <p>Definitions:</p> <p>Event of Default</p> <p>The occurrence of any one or more of the following will be an Event of Default:</p> <ul style="list-style-type: none"> (a) the Company fails to pay on its due date for payment any amount payable by the Company under this agreement, the Note Terms or the Note; (b) the Company is in breach of any covenant, undertaking or warranty contained in this agreement or the Note Terms and the breach is not rectified within five business days after the Noteholder gives notice requesting the Company to do so; (c) any Insolvency Event occurs in respect of the Company; (d) any security interest over any property of the Company is enforced, or steps are taken to enforce any such Security Interest; (e) the Company fails to procure forgiveness of the substantial majority of the Intercompany Loan (with a residual \$850,000 remaining, which is due and payable within 90 days) and repay the \$850,000 remaining Intercompany Loan in cash or through

	<p>the transfer of the Company's gold assets to Avira following any necessary shareholder approval, if required in accordance with clause 3.1(b) by the Sunset Date;</p> <p>(f) any representation, warranty or statement made or repeated in or in connection with this agreement, the Note Terms, the Note, the Option Terms or the Options is or becomes untrue or misleading (or, in the case of financial forecasts, unfair or unreasonable) when taken as a whole; and</p> <p>(g) the Company fails to obtain the shareholder and/or other regulatory approvals required for the issue of the Note, Options and/or ordinary shares in accordance with clause 3 by the Sunset Date.</p> <p>Redemption date means the date on which the Note is redeemed in accordance with the Note Terms.</p> <p>Sunset Date means 30 June 2017</p>
Conversion price	<p>N/A</p> <p>The Noteholder irrevocably and unconditionally directs the Company to apply the whole of the principal amount (\$1.8 million) to subscribe for the conversion Shares</p>
Transferability	<p>The Secured Converting Note is not transferable. However, for the avoidance of doubt, the ordinary shares issued on conversion of the Note are transferable.</p>
Voting rights	<p>N/A</p>
Ranking	<p>Clause 10 (e): Ordinary Shares to be issued to the Noteholder on conversion of the Secured Converting Note and exercise of the Options will rank equally, from their date of issue, with all other issued and fully paid ordinary shares in the capital of the Company.</p> <p>On a winding up of the Company, or in relation to any arrangement between the Company and its creditors, all amounts outstanding on the Secured Converting Note must be paid:</p> <p>(a) in accordance with any applicable statutory regime for the distribution of the assets of the Company or, failing such a statutory regime being applicable, on a pari passu basis with all amounts owing by the Company to its secured creditors; and</p> <p>(b) to the Noteholder before any amount is paid to the Company's shareholders in their capacity as shareholders of the Company.</p>
Release	<p>The Company is immediately discharged and released from its Liabilities, obligations and covenants under this agreement and the General Security Agreement in respect of the Note on the first to occur of the date on which:</p> <p>(a) the Secured Converting Note is redeemed and paid (including the principal amount of \$1.8 million and any interest) in accordance with the Note Terms; or</p> <p>(b) the Secured Converting Note is converted in accordance with the Note Terms.</p>

Annexure 2 Summary of the Option Terms and the Secured Converting Note and Option Agreement

This is a summary of the key principal features of the Option Terms (Schedule 5 of the Secured Converting Note and Option Agreement) and clauses in the Secured Converting Note and Option Agreement which relate to the issue of the Options.

Issuer	MGT Mining Limited (Company)
Subscriber	Niflheim Resources Pte. Ltd (Singapore Company Number 201417253R) (Option Holder)
Subscription amount	Subject to receipt of the principal amount (AUD\$1.8 million) and satisfaction or waiver of the conditions in accordance with clause 3, the Company agrees to issue 70 million Options to the Noteholder on the Option Terms for <u>no additional consideration</u> .
Entitlement	Each Option will entitle the Option Holder to apply for and be issued one fully paid ordinary share in the Company.
Option Period and lapsing	<p>Each Option is exercisable at any time after the date on which the Option is issued up to and including the Exercise Date (Option Period) and if the Option is not exercised on or prior to the expiry of the Option Period, the Option will automatically and immediately lapse. Exercise Date means <u>five years</u> from the date of issue of the Options.</p> <p>If an Option lapses, all rights of the Option Holder in respect of the Option immediately cease.</p>
Conditions Precedent and Approvals	<p>Clause 3</p> <p>The obligation on the Company to convert the Secured Converting Note and issue the Options does not become binding, and the issue of the Shares and Options must not take place, until each of the conditions listed below have been either satisfied or waived in accordance with clause 3.3:</p> <ul style="list-style-type: none"> (a) pay \$100,000 to Avira Energy Limited under the Intercompany Loan and subsequently the Company must use its best endeavours to obtain all regulatory, shareholder and other approvals as may be required in relation to the conversion of the Secured Converting Note into the conversion Shares and the issue of 70 million Options (and the issue of the underlying Shares upon exercise of some or all of those Options), such approval(s) including but not limited to seeking and recommending shareholder approval pursuant to section 611 item 7 of the Corporations Act; and (b) the Company must procure forgiveness of the substantial majority of the Intercompany Loan, with only \$850,000 remaining, which is due and payable within 90 days. The \$850,000 remaining Intercompany Loan can be repaid in cash or through the transfer of the Company's gold assets to Avira following any necessary shareholder approval, if required. No interest is payable on the residual Intercompany Loan of \$850,000. .

Security	N/A
Quotation	N/A
Reorganisation of Company's share capital	<p>If the Company reorganises its share capital, the number of options or the exercise price, or both, must be reorganised so that the Option Holder will not receive a benefit that holders of Shares do not receive. In particular, the Company must comply with the following rules in relation to the way the Options are treated under a reorganisation:</p> <p>(i) <i>in a consolidation of capital</i> - the number of Options must be consolidated in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio;</p> <p>(ii) <i>in a sub-division of capital</i> - the number of Options must be sub-divided in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio;</p> <p>(iii) <i>in a return of capital</i> - the number of Options must remain the same, and the exercise price of each Option must be reduced by the same amount as the amount returned in relation to each ordinary security;</p> <p>(iv) <i>in a reduction of capital by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled</i> - the number of Options and the exercise price of each option must remain unaltered; and</p> <p>(v) <i>in a pro rata cancellation of capital</i> - the number of Options must be reduced in the same ratio as the ordinary capital and the exercise price of each option must be amended in inverse proportion to that ratio.</p>
Exercise price	The exercise price for each Option is \$0.00561 per Option and is payable immediately on exercise.
Notice of Exercise	<p>The Option Holder may exercise some or all of the Options by giving notice in writing to the Company at any time during the Option Period (Notice of Exercise).</p> <p>On receipt by the Company of the Notice of Exercise and payment of the Exercise Price in immediately available funds, the Company must, within five days, issue to the Option Holder the number of Shares corresponding to the number of options exercised and despatch the relevant Share certificate or other appropriate acknowledgment as soon as reasonably practicable thereafter.</p>
Transferability	The Options are transferable by the Option Holder and any such transfer will require the prior written approval of the Company.
Voting rights	An Option does not confer rights to participate in new issues of securities of the Company, unless the Option Holder has first exercised the Option.
Notices given by the Company	<p>Notices may be given by the Company to the Option Holder in the manner prescribed by the constitution of the Company for the giving of notices to the Shareholders of the Company and the relevant provisions of the constitution of the Company will apply with all necessary modification to notices to be given to Option Holders.</p> <p>If during the currency of any Options and prior to their exercise, a takeover bid</p>

	(within the meaning of the Corporations Act) is made to holders of Shares, then within 10 Business Days after the Company becomes aware of the offer, the Company must forward a notice notifying each Option Holder of the offer.
Ranking	<p>Clause 10 (e) of the Secured Converting Note and Option Agreement: Ordinary Shares to be issued to the Noteholder on conversion of the Secured Converting Note and exercise of the Options will rank equally, from their date of issue, with all other issued and fully paid ordinary shares in the capital of the Company.</p> <p>Option Terms: Shares issued on the exercise of any Options will rank equally in all respects with the then existing issued ordinary fully paid Shares in the Company except that they will not be entitled to any dividend that has been declared or determined but not paid as at the Conversion Date and are subject to the provisions of the constitution of the Company.</p>

**Annexure 3
Consent**

Independent Expert's Report and Independent Expert's