

# DGO Gold Limited

ABN 96 124 562 849

## Notice of meeting

# DGO Gold Limited

ABN 96 124 562 849

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ABN: 96 124 562 849

## Chairman's letter

13 June 2018

Dear Shareholder,

I invite you to the Extraordinary General Meeting (**EGM**) of DGO Gold Limited (**DGO Gold**) which will be held at the offices of McCullough Robertson Lawyers, Level 11, 66 Eagle Street, Brisbane, Queensland 4000 at 11am (Brisbane time) on Monday, 16 July 2018.

The purpose of the EGM is to seek shareholder approval for:

- 1 the ratification of the prior issue of shares to Andama Holdings Pty Ltd through a private placement announced by the Company to the ASX on 4 April 2018;
- 2 the proposed issuance of performance rights to the Company's directors;
- 3 the proposed issue of Shares and Options to Lion Nominees Pty Ltd; and
- 4 the proposed issuance of performance rights to exploration research consultants retained by the Company.

As announced on 24 May 2018, the Company is also conducting a 1 for 2 non-renounceable pro rata issue of new DGO Gold shares (**New Shares**), and one option for every New Share issued, at a price of \$0.75 per New Share (**Entitlement Offer**). There are no resolutions proposed at the meeting specifically in relation to the Entitlement Offer, however, details of the Entitlement Offer are referred to in the notice of general meeting. Resolution 6 proposed at the meeting is to allow Lion Nominees Pty Ltd, an entity associated with Non-Executive Director, Mr Bruce Parncutt AO, to fulfil his commitment to subscribe for \$1 million under the Entitlement Offer.

DGO Gold intends to raise between approximately \$4.43 million and \$5.99 million (before direct offer costs) under the Entitlement Offer. In addition, if all of the available new options are issued and exercised, DGO Gold will raise between \$5.99 million and \$7.99 million.

The Company's largest holders of existing options, being Cairnglen Investments Pty Ltd, Lion Nominees Pty Ltd, Mr Eduard Eshuys and Ginga Pty Ltd, have each separately committed to exercise all of their existing options before the

record date for the Entitlement Offer, which will result in up to \$1,184,243 being raised by the Company if no other holders of existing options exercise their existing options.<sup>1</sup>

In addition, four of the Company's largest shareholders being Cairnglen Investments Pty Ltd, Lion Nominees Pty Ltd, Andama Holdings Pty Ltd and Ginga Pty Ltd have each committed to take up to \$1 million of New Shares under the Entitlement Offer and subsequent share placements; and Mr Eduard Eshuys has agreed to take up \$400,000 of New Shares under the Entitlement Offer which will result in \$4.4 million being raised. Given Lion Nominees Pty Ltd is a related party of the Company, it will not be able to fulfil its commitment under the Entitlement Offer as it is limited to subscribing for its entitlement only and cannot participate in the top up facility proposed. Consequently, the Company is seeking shareholder approval at the meeting to allow Lion Nominees Pty Ltd to satisfy its commitment in full.

The firm commitments made by the Company's largest holders of Shares and Existing Options will ensure that a minimum of approximately \$5.46 million is raised.

The significant majority of funds raised through the exercise of Existing Options and the Entitlement Offer will be used by DGO Gold to fund the De Grey Investment announced to ASX on 22 May 2018, with the balance applied to the Company's budgeted exploration programmes and general working capital purposes.

If you have questions, please contact Michael Ilett on +61 7 3381 5368.

On behalf of the Board, I thank you for your ongoing support.

Yours faithfully

**DGO GOLD LIMITED**



**EDUARD ESHUYS  
EXECUTIVE CHAIRMAN**

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<sup>1</sup> The number of existing options able to be exercised by the major option holders is subject to the *Corporations Act 2001* (Cth) (including the applicable control thresholds under the *Corporations Act 2001* (Cth)), and will depend on the number of existing options exercised by other existing option holders.

# Notice of general meeting

DGO Gold Limited ACN 124 562 849

Notice is given that the general meeting of DGO Gold Limited ACN 124 562 849 (**Company**) will be held at:

<b>Location</b>	McCullough Robertson Lawyers, Level 11, 66 Eagle Street, Brisbane, Queensland 4000
<b>Date</b>	Monday 16 July 2018
<b>Time</b>	11 am (Brisbane time)

## Special Business

### Approval of previous Share issue on 4 April 2018

1 To consider, and if in favour, pass the following resolution as an ordinary resolution:

*'That for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders ratify and approve the previous issue of 1,250,000 Shares on 4 April 2018 at an issue price of \$0.80 per Share to Andama Holdings Pty Ltd on the terms set out in the Explanatory Memorandum.'*

### Approval to issue Performance Rights to the Executive Chairman, Mr Eduard Eshuys

2 To consider, and if in favour, pass the following resolution as an ordinary resolution:

*'That for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act, and for all other purposes Shareholders approve the issue of 1,000,000 Performance Rights to the Executive Chairman, Mr Eduard Eshuys, who is a Related Party of the Company, on the terms set out in the Explanatory Memorandum.'*

### Approval to issue Performance Rights to the Executive Director and Company Secretary, Mr Michael Ilett

3 To consider, and if in favour, pass the following resolution as an ordinary resolution:

*'That for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act, and for all other purposes Shareholders approve the issue of 250,000 Performance Rights to the Executive Director and Company Secretary, Mr Michael Ilett, who is a Related Party of the Company, on the terms set out in the Explanatory Memorandum.'*

### Approval to issue Performance Rights to the Non-Executive Director, Mr Bruce Parncutt AO

4 To consider, and if in favour, pass the following resolution as an ordinary resolution:

*'That for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act, and for all other purposes Shareholders approve the issue of 1,000,000 Performance Rights to the Non-Executive Director, Mr Bruce Parncutt AO, who is a Related Party of the Company, on the terms set out in the Explanatory Memorandum.'*

### **Approval to issue Performance Rights to the Non-Executive Director, Mr Ross Hutton**

5 To consider, and if in favour, pass the following resolution as an ordinary resolution:

*`That for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act, and for all other purposes Shareholders approve the issue 250,000 Performance Rights to the Non-Executive Director, Mr Ross Hutton, who is a Related Party of the Company, on the terms set out in the Explanatory Memorandum.'*

### **Approval for Share and Option issue to Lion Nominees Pty Ltd**

6 To consider, and if in favour, pass the following resolution as an ordinary resolution:

*`That for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act, and for all other purposes, shareholders approve the issue of 163,208 Shares at an issue price of \$0.75 per Share and 163,208 attaching Options to Lion Nominees Pty Ltd on the terms set out in the Explanatory Memorandum accompanying this Notice of General Meeting.'*

### **Approval to issue Performance Rights to Professor Ross Large**

7 To consider, and if in favour, pass the following resolution as an ordinary resolution:

*`That for the purpose of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of 50,000 Performance Rights to Professor Ross Large on the terms set out in the Explanatory Memorandum.'*

### **Approval to issue Performance Rights to Dr Stuart Bull**

8 To consider, and if in favour, pass the following resolution as an ordinary resolution:

*`That for the purpose of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of 50,000 Performance Rights to Dr Stuart Bull on the terms set out in the Explanatory Memorandum.'*

### **Approval to issue Performance Rights to Mr Barry Bourne**

9 To consider, and if in favour, pass the following resolution as an ordinary resolution:

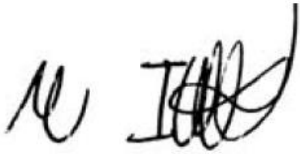
*`That for the purpose of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of 50,000 Performance Rights to Mr Barry Bourne on the terms set out in the Explanatory Memorandum.'*

### **Approval to issue Performance Rights to Dr Neil Phillips**

10 To consider, and if in favour, pass the following resolution as an ordinary resolution:

*`That for the purpose of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of 50,000 Performance Rights to Mr Neil Phillips on the terms set out in the Explanatory Memorandum.'*

**BY ORDER OF THE BOARD**



**MICHAEL ILETT**  
**COMPANY SECRETARY**  
**13 June 2018**

**Notes**

- (a) Terms used in this Notice of Meeting which are defined in the Explanatory Memorandum have the meaning given to them in the Explanatory Memorandum.
- (b) Subject to the Corporations Act, including sections 250R and 250BD, a Shareholder who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- (c) The proxy need not be a Shareholder of the Company. A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- (d) If you wish to appoint a proxy and are entitled to do so, then complete and return the attached proxy form by 11.00 am (Brisbane time) on Saturday 14 July 2018.
- (e) A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.
- (f) The Company has determined under regulation 7.11.37 Corporations Regulations that for the purpose of voting at the meeting or an adjourned meeting, securities are taken to be held by those persons recorded in the Company's register of Shareholders as at 7.00pm (Sydney time) on Saturday 14 July 2018.
- (g) If you have any questions on how to cast your votes call Michael Ilett on + 61 7 3381 5368 during business hours.

**Voting exclusion statement**

<p><b>Resolution 1 – Approval of previous share issue on 4 April 2018</b></p>	<p><b>Listing Rules</b></p> <p>In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 1 by Andama Holdings Pty Ltd (being the person who participated in the issue) or an associate of Andama Holdings Pty Ltd. However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none"><li>(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</li><li>(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.</li></ul>
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<p><b>Resolution 2 – Approval to issue Performance Rights to the Executive Chairman, Mr Eduard Eshuys</b></p>	<p><b>Listing Rules</b></p> <p>In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 2 by Mr Eduard Eshuys (being the person who is to receive securities) or an associate of Mr Eduard Eshuys. However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none"> <li>(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</li> <li>(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.</li> </ul> <p><b>Corporations Act</b></p> <p>The Company will disregard votes cast by Key Management Personnel or their Closely Related Parties in contravention of section 250BD Corporations Act. Restrictions also apply to votes cast as proxy unless exceptions apply.</p> <p>The Company will disregard votes cast (in any capacity) by or on behalf of a Related Party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a Related Party.</p> <p>However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none"> <li>(a) it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and</li> <li>(b) it is not cast on behalf of a Related Party or an Associate of a kind mentioned above.</li> </ul>
<p><b>Resolution 3 – Approval to issue Performance Rights to the Executive Director and Company Secretary, Mr Michael Ilett</b></p>	<p><b>Listing Rules</b></p> <p>In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 3 by Mr Michael Ilett (being the person who is to receive securities) or an associate of Mr Michael Ilett. However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none"> <li>(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</li> <li>(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.</li> </ul> <p><b>Corporations Act</b></p> <p>The Company will disregard votes cast by Key Management Personnel or their Closely Related Parties in contravention of section 250BD Corporations Act. Restrictions also apply to votes cast as proxy unless exceptions apply.</p> <p>The Company will disregard votes cast (in any capacity) by or on behalf of a Related Party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a Related Party.</p> <p>However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none"> <li>(a) it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and</li> <li>(b) it is not cast on behalf of a Related Party or an Associate of a kind mentioned above.</li> </ul>

<p><b>Resolution 4 – Approval to issue Performance Rights to the Non-Executive Director, Mr Bruce Parncutt AO</b></p>	<p><b>Listing Rules</b></p> <p>In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 4 by Mr Bruce Parncutt AO (being the person who is to receive securities) or an associate of Mr Bruce Parncutt AO. However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none"> <li>(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</li> <li>(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.</li> </ul> <p><b>Corporations Act</b></p> <p>The Company will disregard votes cast by Key Management Personnel or their Closely Related Parties in contravention of section 250BD Corporations Act. Restrictions also apply to votes cast as proxy unless exceptions apply.</p> <p>The Company will disregard votes cast (in any capacity) by or on behalf of a Related Party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a Related Party.</p> <p>However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none"> <li>(a) it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and</li> <li>(b) it is not cast on behalf of a Related Party or an Associate of a kind mentioned above.</li> </ul>
<p><b>Resolution 5 – Approval to issue Performance Rights to the Non-Executive Director, Mr Ross Hutton</b></p>	<p><b>Listing Rules</b></p> <p>In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 5 by Mr Ross Hutton (being the person who is to receive securities) or an associate of Mr Ross Hutton. However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none"> <li>(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</li> <li>(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.</li> </ul> <p><b>Corporations Act</b></p> <p>The Company will disregard votes cast by Key Management Personnel or their Closely Related Parties in contravention of section 250BD Corporations Act. Restrictions also apply to votes cast as proxy unless exceptions apply.</p> <p>The Company will disregard votes cast (in any capacity) by or on behalf of a Related Party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a Related Party.</p> <p>However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none"> <li>(a) it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and</li> <li>(b) it is not cast on behalf of a Related Party or an Associate of a kind mentioned above.</li> </ul>



<p><b>Resolution 6 – Approval to issue Shares and Options to Lion Nominees Pty Ltd</b></p>	<p><b>Listing Rules</b></p> <p>In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 6 by Lion Nominees Pty Ltd (being the person who is to receive securities) or an associate of Lion Nominees Pty Ltd. However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none"> <li>(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</li> <li>(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.</li> </ul> <p><b>Corporations Act</b></p> <p>The Company will disregard votes cast by Key Management Personnel or their Closely Related Parties in contravention of section 250BD Corporations Act. Restrictions also apply to votes cast as proxy unless exceptions apply.</p> <p>The Company will disregard votes cast (in any capacity) by or on behalf of a Related Party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a Related Party.</p> <p>However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none"> <li>(a) it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and</li> <li>(b) it is not cast on behalf of a Related Party or an Associate of a kind mentioned above.</li> </ul>
<p><b>Resolution 7 – Approval to issue Performance Rights to Professor Ross Large</b></p>	<p>In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 7 by Professor Ross Large (being the person who is to receive securities) or an associate of Professor Ross Large. However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none"> <li>(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</li> <li>(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.</li> </ul>
<p><b>Resolution 8 – Approval to issue Performance Rights to Dr Stuart Bull</b></p>	<p>In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 8 by Dr Stuart Bull (being the person who is to receive securities) or an associate of Dr Stuart Bull. However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none"> <li>(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</li> <li>(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.</li> </ul>
<p><b>Resolution 9 – Approval to issue Performance Rights to Mr Barry Bourne</b></p>	<p>In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 9 by Mr Barry Bourne (being the person who is to receive securities) or an associate of Mr Barry Bourne. However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none"> <li>(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</li> <li>(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.</li> </ul>

<b>Resolution 10 – Approval to issue Performance Rights to Dr Neil Phillips</b>	<p>In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 10 by Dr Neil Phillips (being the person who is to receive securities) or an associate of Dr Neil Phillips. However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none"><li>(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</li><li>(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.</li></ul>
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# Explanatory memorandum

DGO Gold Limited ACN 124 562 849

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## Introduction

This Explanatory Memorandum is provided to the Shareholders of DGO Gold Limited ACN 124 562 849 (**Company**) to explain the resolutions to be put to the Shareholders at the General Meeting of the Company to be held at McCullough Robertson Lawyers, Level 11, 66 Eagle Street, Brisbane, Queensland 4000 on Monday 16 July 2018 at 11.00 am (Brisbane time).

The Directors recommend shareholders read the accompanying notice and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

## Special Business

### **Resolution 1: Approval of previous share issue**

- 1 Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant for the purposes of this Resolution 1) prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of the securities at the commencement of that 12 month period. Listing Rule 7.1A provides that (subject to certain exceptions, again none of which are relevant for the purposes of this Resolution 1) prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 10% of the number of the securities at the commencement of that 12 month period.
- 2 The allotment and issue of securities detailed in Resolution 1 did not, in aggregate, exceed the 15% threshold for the purpose of Listing Rule 7.1 or the 10% threshold for the purpose of Listing Rule 7.1A.
- 3 However, Listing Rule 7.4 provides that where a Company subsequently approves an issue of securities, the issue will be treated as having been made with approval for the purpose of Listing Rule 7.1 and Listing Rule 7.1A, thereby replenishing the Company's 15% placement capacity and the Company's 10% placement capacity enabling the Company to issue further securities up to those limits.
- 4 The purpose of Resolution 1 is for shareholders to ratify and approve, pursuant to Listing Rule 7.4, the issue 1,250,000 Shares to Andama Holdings Pty Ltd on 4 April 2018. These Shares were issued as a private placement to a sophisticated investor and announced on the ASX on 4 April 2018.
- 5 The Company seeks to ratify and approve the previous issue of securities the subject to this Resolution 1 to refresh its ability to issue shares under the 15% capacity under Listing Rule 7.1 and under its 10% capacity under Listing Rule 7.1A.
- 6 In accordance with Listing Rule 7.5, Shareholders are advised of the following particulars in relation to the allotment and issue under Resolution 1:

<b>Persons to whom securities were issued</b>	Andama Holdings Pty Ltd
<b>Number of securities issued</b>	1,250,000 fully paid ordinary shares
<b>Date the Company issued the securities</b>	4 April 2018
<b>Issue price of the securities</b>	\$0.80 per Share
<b>Terms of issue</b>	Shares which rank equally with all existing Shares on issue and quoted on ASX.
<b>Use of funds</b>	The funds raised have been and will be used to provide working capital and to complete further exploration activities including research and development in sediment hosted gold, copper and cobalt mineralisation and drilling.

- 7 If Resolution 1 is not approved, the Company's ability to raise additional equity funds over the next 12 months without reference to shareholders will be restricted.

**Directors' Recommendation**

- 8 The Directors unanimously recommend that you vote in favour of this resolution.

**Resolutions 2, 3, 4 and 5: Issue of Performance Rights to the Executive Chairman, Executive Director and Non-Executive Directors**

- 9 The Company is seeking approval for the issue of Performance Rights to the Directors in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act. As approval is being sought under Listing Rule 10.11, approval will not be required under Listing Rule 7.1.
- 10 Shareholder approval is sought for the issue the following Performance Rights to the Directors:
- (a) 1,000,000 Performance Rights to the Executive Chairman Eduard Eshuys (Resolution 2);
  - (b) 250,000 Performance Rights to the Executive Director and Company Secretary Michael Ilett (Resolution 3);
  - (c) 1,000,000 Performance Rights to the Non-Executive Director Bruce Parncutt AO (Resolution 4); and
  - (d) 250,000 Performance Rights to the Non-Executive Director Ross Hutton (Resolution 5).
- 11 Subject to the satisfaction of certain conditions, described below, Eduard Eshuys, Michael Ilett, Bruce Parncutt AO and Ross Hutton (or their nominees) will have an ability to exercise their Performance Rights and receive one fully paid ordinary share in the Company for each Performance Right granted to them. The full terms and conditions of the Performance Rights are contained in Appendix A to this Explanatory Memorandum.
- 12 Each Performance Right granted to the Director will be capable of being exercised into one fully paid ordinary share only if:
- (a) one of the following events occurs:

- (i) on or before 30 June 2020 the volume weighted average price of Shares on the ASX over a 90 day period exceeds \$2.50 (subject to certain adjustments) per Share (**Market Condition**);
- (ii) on or before 30 June 2020 a takeover bid is made for the Shares at a price or value which exceeds \$2.50 (subject to certain adjustments) and the bidder confirms that the takeover bid is unconditional (**Takeover Condition**);
- (iii) on or before 30 June 2020 a court orders a meeting to be held in relation to a proposed scheme of arrangement in relation to the Company at a price or value which exceeds \$2.50 (subject to certain conditions) per Share and Shareholders approve the scheme resolution by the requisite majority; and

(b) the Director remains as a Director of the Company at the time the relevant condition is satisfied.

13 The Performance Rights lapse on:

- (a) 1 July 2020 if a relevant condition is not satisfied on or before 30 June 2020; or
- (b) the date the Director ceases to be a Director if a relevant condition is not satisfied before that date; or
- (c) 10 July 2021 if a relevant condition is satisfied on or before 30 June 2020 and the Director did not cease to be a Director before satisfaction of the Market Condition; or
- (d) an earlier date in the event a takeover bid or scheme of arrangement for the Company is successful at a price or value less than or equal to \$2.50 (subject to certain adjustments).

#### **Why is approval sought under Chapter 2E Corporations Act?**

14 Chapter 2E of the Corporations Act prohibits a public company from giving a Financial Benefit to a Related Party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met.

15 A "Related Party" is defined widely in section 228 of the Corporations Act and includes, relevantly, a director (or proposed director) of a public company and any entity that is controlled by a director of the public company.

16 A "Financial Benefit" for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the Related Party.

17 Each of the Directors (and, in the case of exercise of a Performance Right, their nominees) is a Related Party and the proposed issue of Performance Rights to those Directors is a Financial Benefit.

18 Accordingly, the Company seeks Shareholder approval for the issue of the Performance Rights to the Directors under section 208 Corporations Act.

### **Why is approval sought under Listing Rule 10.11?**

- 19 Listing Rule 10.11 requires that an entity must obtain the approval of Shareholders to issue securities to a Related Party and in doing so must provide the information specified in Listing Rule 10.13, unless an exception applies.
- 20 Listing Rule 7.1 prohibits a listed company, except in certain cases, from issuing in any 12-month period new Equity Securities equivalent in number to more than 15% of the total number of ordinary securities on issue at the beginning of the twelve month period (15% Capacity) without the prior approval of a majority of disinterested shareholders, or the issue otherwise comes within one of the exceptions to Listing Rule 7.1 (15% Rule).
- 21 However, under Listing Rule 7.2 (Exception 14), if approval is being sought under Listing Rule 10.11, approval will not be required under Listing Rule 7.1. Therefore, the issue of the Performance Rights to the Directors under Resolutions 2 to 5 (inclusive), if passed, will not count towards the Company's 15% Capacity under Listing Rule 7.1.
- 22 Resolutions 2, 3, 4 and 5 if passed, will involve the issue of Performance Rights to the Executive Chairman, Mr Eduard Eshuys, Executive Director Mr Michael Ilett, Non-Executive Director Mr Bruce Parncutt AO, and Non-Executive Director, Mr Ross Hutton being all Related Parties of the Company.

### **Specific information – Sections 219(1)(a) and 219(1)(b) Corporations Act**

- 23 For the purposes of Chapter 2E of the Corporations Act the following Related Party and benefit information is provided to shareholders:
- (a) **(Resolution 2)** The Related Party to whom Resolution 2 would permit the financial benefit to be give pursuant to section 219(1)(a) Corporations Act is Mr Eduard Eshuys (or, on exercise of the Performance Rights, his nominee) who is the Executive Chairman of the Company and therefore, a related party. The nature of the financial benefit pursuant to section 219(1)(b) Corporations Act for Mr Eduard Eshuys (or, on exercise of the Performance Rights, his nominee) are 1,000,000 Performance Rights on the terms set out in Annexure A.
  - (b) **(Resolution 3)** The Related Party to whom Resolution 3 would permit the financial benefit to be give pursuant to section 219(1)(a) Corporations Act is Mr Michael Ilett (or, on exercise of the Performance Rights, his nominee) who is an Executive Director of the Company and therefore, a related party. The nature of the financial benefit pursuant to section 219(1)(b) Corporations Act for Mr Michael Ilett (or, on exercise of the Performance Rights, his nominee) are 250,000 Performance Rights on the terms set out in Annexure A.
  - (c) **(Resolution 4)** The Related Party to whom Resolution 4 would permit the financial benefit to be give pursuant to section 219(1)(a) Corporations Act is Mr Bruce Parncutt AO (or, on exercise of the Performance Rights, his nominee) who is an Non-Executive Director of the Company and therefore, a related party. The nature of the financial benefit pursuant to section 219(1)(b) Corporations Act for Mr Bruce Parncutt AO (or, on exercise of the Performance Rights, his nominee) are 1,000,000 Performance Rights on the terms set out in Annexure A.
  - (d) **(Resolution 5)** The Related Party to whom Resolution 5 would permit the financial benefit to be give pursuant to section 219(1)(a) Corporations Act is Mr Ross Hutton (or, on exercise of the Performance Rights, his nominee) who is an Non-Executive Director of the Company and therefore, a related party. The nature of the financial benefit pursuant to section 219(1)(b) Corporations Act for Mr Ross Hutton (or, on exercise of the Performance Rights, his nominee) are 250,000

Performance Rights on the terms set out in Annexure A.

**Directors' Recommendations (section 219(1)(c))**

24 **(Resolution 2)** With respect to Resolution 2, Messrs Michael Ilett, Bruce Parncutt AO, and Ross Hutton recommend that Shareholders vote in favour of Resolution 2. The Directors (with the exception of Mr Eduard Eshuys) have formed the view that Resolution 2 be put to Shareholders for the following reasons:

- (a) the grant of the Performance Rights as proposed to Mr Eduard Eshuys will provide him with reward and incentive for future services he will provide to the Company to further the progress of the Company;
- (b) the Performance Rights are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (c) in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, the Directors (with the exception of Mr Eduard Eshuys) considered that the incentive provided a cost effective and efficient incentive as opposed to alternative forms of incentives (e.g. cash bonuses, increased remuneration).

However, it must be recognised that there will be an opportunity cost to the Company, being the potentially dilutionary impact of the issue of Shares on the exercise of the Performance Rights.

As Mr Eduard Eshuys is interested in the outcome of Resolution 2, he accordingly makes no recommendation to Shareholders in respect of this resolution.

25 **(Resolution 3)** With respect to Resolution 3, Messrs Eduard Eshuys, Bruce Parnutt and Ross Hutton recommend that Shareholders vote in favour of Resolution 3. The Directors (with the exception of Mr Michael Ilett) have formed the view that Resolution 3 be put to Shareholders for the following reasons:

- (a) the grant of the Performance Rights as proposed to Mr Michael Ilett will provide him with reward and incentive for future services he will provide to the Company to further the progress of the Company;
- (b) the Performance Rights are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (c) in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, the Directors (with the exception of Mr Michael Ilett) considered that the incentive provided a cost effective and efficient incentive as opposed to alternative forms of incentives (e.g. cash bonuses, increased remuneration).

However, it must be recognised that there will be an opportunity cost to the Company, being the potentially dilutionary impact of the issue of Shares on the exercise of the Performance Rights.

As Mr Michael Ilett is interested in the outcome of Resolution 3, he accordingly makes no recommendation to Shareholders in respect of this resolution.

26 **(Resolution 4)** With respect to Resolution 4, Messrs Eduard Eshuys, Michael Ilett, and Ross Hutton recommend that Shareholders vote in favour of Resolution 4. The Directors (with the exception of Mr Bruce Parncutt AO) have formed the view that Resolution 4 be put to Shareholders for the following reasons:

- (a) the grant of the Performance Rights as proposed to Mr Bruce Parncutt AO will provide him with reward and incentive for future services he will provide to the Company to further the progress of the Company;
- (b) the Performance Rights are not intended as a substitute for salary or wages or as a means for compensation for past services rendered;
- (c) in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, the Directors (with the exception of Mr Bruce Parncutt AO) considered that the incentive provided a cost effective and efficient incentive as opposed to alternative forms of incentives (e.g. cash bonuses, increased remuneration).

However, it must be recognised that there will be an opportunity cost to the Company, being the potentially dilutionary impact of the issue of Shares on the exercise of the Performance Rights, issue of the placement Shares and exercise of the Options.

As Mr Bruce Parncutt AO is interested in the outcome of Resolution 4, he accordingly makes no recommendation to Shareholders in respect of this resolution.

27 **(Resolution 5)** With respect to Resolution 5, Messrs Eduard Eshuys, Michael Ilett, and Bruce Parncutt AO recommend that Shareholders vote in favour of Resolution 5. The Directors (with the exception of Mr Ross Hutton) have formed the view that Resolution 5 be put to Shareholders for the following reasons:

- (a) the grant of the Performance Rights as proposed to Mr Ross Hutton will provide him with reward and incentive for future services he will provide to the Company to further the progress of the Company;
- (b) the Performance Rights are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (c) in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, the Directors (with the exception of Mr Ross Hutton) considered that the incentive provided a cost effective and efficient incentive as opposed to alternative forms of incentives (e.g. cash bonuses, increased remuneration).

However, it must be recognised that there will be an opportunity cost to the Company, being the potentially dilutionary impact of the issue of Shares on the exercise of the Performance Rights.

As Mr Ross Hutton is interested in the outcome of Resolution 5, he accordingly makes no recommendation to Shareholders in respect of this resolution.

**Directors' Interest and other remuneration (section 219(1)(d))**

28 Mr Eduard Eshuys, Mr Michael Ilett, Mr Bruce Parncutt AO and Mr Ross Hutton have a material personal interest in the outcome of Resolution 2, Resolution 3, Resolution 4 and Resolution 5 respectively as it is proposed that Performance Rights will be issued to them.

29 At the date of this Notice of General Meeting excluding the Performance Rights to be issued to Mr Eduard Eshuys pursuant to Resolution 2, Mr Eduard Eshuys (and entities associated with him) holds 1,266,747 Shares and 351,244 40¢ Options.



- 30 Other than Performance Rights proposed to be issued to Mr Eduard Eshuys pursuant to Resolution 2, Mr Eduard Eshuys shall receive remuneration of \$50,000 per annum (excluding superannuation) per annum from the Company for his services as the Executive Chairman.
- 31 At the date of this Notice of General Meeting excluding the Performance Rights to be issued to Mr Michael Ilett pursuant to Resolution 3, Mr Michael Ilett (and entities associated with him) holds 49,271 Shares and 16,424 40¢ Options.
- 32 Other than Performance Rights proposed to be issued to Mr. Michael Ilett pursuant to Resolution 3, Mr Michael Ilett shall receive remuneration of \$105,000 per annum (excluding superannuation) per annum from the Company for his services as a Director and Company Secretary.
- 33 At the date of this Notice of General Meeting excluding the Performance Rights to be issued to Mr Bruce Parncutt AO pursuant to Resolution 4, and the issue of Shares and Options to Lion Nominees (Resolution 6) Mr Bruce Parncutt AO (and entities associated with him) holds 1,934,500 Shares and 405,750 40¢ Options,
- 34 Other than Performance Rights proposed to be issued to Mr Bruce Parncutt AO pursuant to Resolution 4 and any other cash incentives approved by the Remuneration Committee, Mr Bruce Parncutt AO does not receive any other remuneration from the Company for his services as a Non-Executive Director.
- 35 At the date of this Notice of General Meeting excluding the Performance Rights to be issued to Mr Ross Hutton pursuant to Resolution 5, Mr Ross Hutton (and entities associated with him) holds 559,426 Shares and 40,000 40¢ Options.
- 36 Other than Performance Rights proposed to be issued to Mr Ross Hutton pursuant to Resolution 5, Mr Ross Hutton shall receive remuneration of \$45,000 per annum (excluding superannuation) per annum from the Company for his services as a Non-Executive Director.

### **Valuation of Performance Rights**

- 37 The Performance Rights are not currently quoted on the ASX and as such have no readily ascertainable market value. The Performance Rights each grant the holder on exercise of each Performance Right a right to one Share in the Company. Accordingly, Performance Rights may have a present value at the date of their grant.
- 38 As the Performance Rights will not be listed on the ASX and will not be tradeable, the market value of the Performance Rights cannot be readily determined from any sales data. An option pricing model is best suited and necessary to provide a value for the Performance Rights to be issued.
- 39 Various factors impact upon the value of Options and Performance Rights including:
- (a) the period outstanding before the expiry date of the Performance Rights;
  - (b) the underlying price or value of the securities into which they may be converted;
  - (c) the relevant conditions that are required to be met before the Performance Rights can be exercised;
  - (d) the proportion of the issued capital as expanded consequent upon the exercise of the Performance Rights and the issue of the resultant Shares (i.e. whether or not the Shares that might be acquired upon exercise of the Performance Rights represent a controlling or other significant interest);
  - (e) vesting period and relevant conditions affecting the certainty of vesting; and

(f) the value of the resultant Shares on the exercise of the Performance Rights.

40 There are various formulae which can be applied to determining the theoretical value of the Performance Rights (including the formula known as the Black-Scholes Model valuation formula and the Monte Carlo simulation). The Monte Carlo simulation valuation methodology will be used to value the Performance Rights.

41 The Company has prepared a valuation of the Performance Rights, for the purposes of disclosing to Shareholders such information required to decide whether or not it is in the Company's interest to pass Resolution 2, 3, 4 and 5 in accordance with AASB 2 Share Based Payments, using the Monte Carlo simulation. The value of a Performance Right calculated by the Monte Carlo simulation is a function of the relationship between a number of variables, being the price of the underlying Share at the time of issue, the exercise price, the time to expiry, the risk-free interest rate, the volatility of the Company's underlying Share price and expected dividends.

42 Inherent in the application of the Monte Carlo simulation are a number of inputs, some of which must be assumed. The data relied upon in applying the Monte Carlo simulation in respect of the Performance Rights includes:

(a) the exercise price of each Performance Right being nil;

(b) a grant date market price of Shares of \$0.76;

(c) a volatility measure of 90%;

(d) the relevant condition being volume weighted average price exceeding \$2.50 for 90 days within the period from issue until 30 June 2020 or a takeover bid or scheme of arrangement being successful at a price exceeding \$2.50;

(e) a risk-free interest rate of 2.4%; and

(f) a dividend yield of 0%.

43 Based on this valuation of the Performance Rights, the value of the Performance Rights proposed to be issued to each Director is as follows:

(a) Performance Rights for Mr Eduard Eshuys - \$240,000.

(b) Performance Rights for Mr Michael Ilett - \$60,000.

(c) Performance Rights for Mr Bruce Parncutt AO - \$240,000.

(d) Performance Rights for Mr Ross Hutton - \$60,000.

**Other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors (section 219(1)(e) and 219(2))**

44 There is no other information known to the Company or any of its Directors save and except as follows:

(a) Market price movements

The Options and Performance Rights valuation noted above is based on a market price per Share

of \$0.76 which is the closing trading price on 1 May 2018 which is the trading date immediately before the valuation was carried out. There is a possibility that the market price of the Company's shares will change up to the date of the General Meeting.

(b) Trading history

In the 12 months prior to 1 May 2018, the Company's trading history is as follows:

- (i) the lowest trading price was \$0.21 on 10 July 2017;
- (ii) the highest trading price was \$2.45 on 9 November 2017; and
- (iii) the volume weighted average price per Share over the 12-month period prior to 15 May 2018 was \$1.09.

The trading price of the Shares on the close of trading on 25 May 2018 (being the last trading day before this Notice of Meeting was approved by the Board) was \$0.88.

(c) Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Performance Rights is the potentially dilutionary impact on the issued share capital of the Company. To the extent that the dilutionary impact caused by the issue of the Performance Rights will be detrimental to the Company, this is considered to be more than offset by the advantages accruing from the Company securing the services of experienced and skilled Directors on appropriate incentive terms.

(d) Taxation Consequences

No stamp duty will be payable in respect of the grant of the Performance Rights. No GST will be payable by the Company in respect of the grant of the Performance Rights (or if it is then it will be recoverable as an input credit).

AASB 2 – Share Based Payment, requires that reporting entities must recognize services acquired in a share-based payment transaction as the services are received. The issue of Performance Rights is in return for services provided to the Company therefore these services are to be recognised.

The value of the services acquired by the Company is to be measured at the fair value of the equity instrument granted, where fair value of the services provided cannot be estimated reliably. As the Issue of Performance Rights is in consideration of future services, the fair value of the services cannot be reliably measured. As such, the value of the Performance Rights to be issued needs to be used as the reliable measurement of the services provided.

(e) Dilutionary Effect and Directors' holdings

The table below sets out each of the Director's holdings (who are proposed to be issued the Performance Rights):

- (i) of Shares and 40c Options at the date of this Notice of Meeting;
- (ii) if the Performance Rights are converted (assuming no further issues of Shares occur);

- (iii) if the Performance Rights are converted and each Director and the major shareholders (who have committed to doing so) exercise their 40c Options up to the limits under Chapter 6 Corporations Act (assuming no further issues of Shares occur);
- (iv) if they subscribe for their pro rata entitlement under the rights issue announced on 24 May 2018 and the major shareholders subscribe for \$1 million as per their commitments in relation to the pro-rata rights issue, the shares proposed to be issued to Lion Nominees Pty Ltd under resolution 6 are issued, the Performance Rights are converted and each Director, and the major shareholders (who have committed to doing so) exercise their 40c Options up to the limits under Chapter 6 Corporations Act (assuming no further issues of Shares occur); and
- (v) if they exercise all of their bonus options granted under the rights issue assuming the Directors subscribe for their pro rata entitlement under the rights issue announced on 24 May 2018 and the major shareholders subscribe as per their commitments in relation to the pro-rata rights, the Performance Rights are converted and each Director and the major shareholders (who have committed to doing so) exercise their 40c Options up to the limits under Chapter 6 Corporations Act (assuming no further issues of Shares occur).

Holder	Existing holdings (Shares and 40c Options)	Percentage	On conversion of Performance Rights (Assuming no further issues)	Percentage	On exercise of 40c Options (Assuming Major shareholders commitments to exercise options)	Percentage	Subscription for entitlement under the pro rata issue based on major shareholders' commitment and the Directors subscribe to all their entitlement and the placement is made under resolution 6.	Percentage	On exercise of bonus options issued under pro rata issue (Assuming no further exercise)	Percentage
<b>Shares</b>										
Eshuys	1,266,747	10.72%	2,266,747	15.41%	2,617,991	14.77%	3,426,987	14.16%	4,235,983	13.81%
Ilett	49,271	0.42%	299,271	2.03%	315,695	1.78%	348,543	1.44%	381,391	1.24%
Parncutt	1,934,500	16.38%	2,934,500	19.95%	3,340,250	18.84%	4,673,583	19.31%	6,006,917	19.58%
Hutton	559,426	4.74%	809,426	5.50%	849,426	4.79%	1,149,139	4.75%	1,448,852	4.72%
Other	8,001,430	67.74%	8,401,430	57.11%	10,605,043	59.82%	14,605,043	60.34%	18,605,043	60.65%
<b>Total</b>	<b>11,811,374</b>	<b>100.00%</b>	<b>14,711,374</b>	<b>100.00%</b>	<b>17,728,405</b>	<b>100.00%</b>	<b>24,203,295</b>	<b>100.00%</b>	<b>30,678,186</b>	<b>100.00%</b>
<b>40 cents Options</b>										
Eshuys	351,244	8.43%	351,244	8.43%	-	0.00%	-	0.00%	-	0.00%
Ilett	16,424	0.39%	16,424	0.39%	-	0.00%	-	0.00%	-	0.00%
Parncutt	405,750	9.73%	405,750	9.73%	-	0.00%	-	0.00%	-	0.00%
Hutton	40,000	0.96%	40,000	0.96%	-	0.00%	-	0.00%	-	0.00%
Other	3,355,318	80.49%	3,355,318	80.49%	1,151,705	100.00%	1,151,705	100.00%	1,151,705	100.00%
<b>Total</b>	<b>4,168,736</b>	<b>100.00%</b>	<b>4,168,736</b>	<b>100%</b>	<b>1,151,705</b>	<b>100.00%</b>	<b>1,151,705</b>	<b>100.00%</b>	<b>1,151,705</b>	<b>100.00%</b>

- 45 Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to the benefits contemplated by Resolutions 2, 3, 4 and 5.

### Specific information - Listing Rule 10.13

- 46 For the purposes of Listing Rule 10.13, the following information is provided:-

- (a) The related parties are as follows:
- (i) Mr Eduard Eshuys who is the Executive Chairman of the Company;

- (ii) Mr Michael Ilett who is an Executive Director of the Company;
  - (iii) Mr Bruce Parncutt AO who is an Non-Executive Director of the Company; and
  - (iv) Mr Ross Hutton who is a Non-Executive Director of the Company.
- (b) The maximum number of securities to be issued is as follows:
- (i) Mr Eduard Eshuys 1,000,000 Performance Rights;
  - (ii) Mr Michael Ilett 250,000 Performance Rights;
  - (iii) Mr Bruce Parncutt AO 1,000,000 Performance Rights; and
  - (iv) Mr Ross Hutton 250,000 Performance Rights.
- (c) The Performance Right will, subject to Shareholder approval, be issued as soon as possible after the general meeting but in any event within one month following the Meeting.
- (d) The Performance rights will be issued for nil consideration and expire on:
- (i) 1 July 2020 if a relevant condition is not satisfied by 30 June 2020;
  - (ii) the date the Director ceases to be a Director if the Market Condition is satisfied before that date;
  - (iii) 1 July 2021 if a relevant condition is satisfied on or before 30 June 2020 and the Director did not cease to be a Director before satisfaction of the relevant condition; or
  - (iv) an earlier date in the event of a takeover bid or scheme of arrangement for the Company is successful at a price equal to or less than \$2.50 (subject to certain adjustments).

47 There are no funds are being raised by the issue of the Performance Rights to the Directors.

### **Resolution 6: Issue of Shares and Options to Lion Nominees Pty Ltd.**

48 The Company is seeking approval for the issue of Shares and free attaching Options to Lion Nominees Pty Ltd being a related party by virtue of it being a company associated with Mr. Bruce Parncutt AO. As approval is being sought under Listing Rule 10.11, approval will not be required under Listing Rule 7.1.

49 Shareholder approval is sought for the issue of 163,208 new Shares at the issue price of 75 cents per new Shares (being the same price as the recent Entitlements offer) and 163,208 free attaching Options with an exercise price of \$1.00 and an expiry date of 31 December 2021 to Lion Nominees Pty Ltd. The terms of the Options proposed to be issued are the same as the Options offered to Shareholders under the Entitlement Offer and are set out in Annexure C.

50 The issue of the Shares and Options to Lion Nominees under resolution 6 forms part of the commitment by Lion Nominees Pty Ltd to the Company for the subscription of \$1 million worth of new shares in the Company as announced in the Entitlement Offer lodged with the ASX on 22 May 2018. As Lion Nominees Pty Ltd is a related party of the Company by virtue of it being a company associated with Director, Mr Bruce Parncutt AO, it is not able to subscribe for the new Shares in excess of its entitlement by way of participation in the top up

facility pursuant to the Entitlement Offer. Its participation in the Entitlement Offer will therefore, be limited to its entitlement to take up its full Entitlement (in an amount of \$877,593.75).

- 51 As announced in the Entitlement Offer, the Company has also committed to seek shareholder approval to allow Lion Nominees Pty Ltd to take up a placement for new Shares and options on the same terms and conditions as the Entitlement Offer to the extent that its \$1 million committed is not satisfied through the Entitlement Offer. The purpose of Resolution 6 is to enable to seek shareholder approval for the placement for 163,208 new Shares for consideration of \$0.75 per Share and free attaching Options to satisfy the \$1 million commitment by Lion Nominees Pty Ltd.
- 52 The Company will not issue the Shares and the Options unless the Shares and Options proposed to be issued under the Entitlement Offer are issued.

### **Why is approval sought under Chapter 2E Corporations Act?**

- 53 Chapter 2E of the Corporations Act prohibits a public company from giving a Financial Benefit to a Related Party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met.
- 54 A "Related Party" is defined widely in section 228 of the Corporations Act and includes, relevantly, a director (or proposed director) of a public company and any entity that is controlled by a director of the public company.
- 55 A "Financial Benefit" for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the Related Party.
- 56 Lion Nominees Pty Ltd is a Related Party because it is an entity associated with director Mr. Bruce Parncutt AO, and the proposed issue of Shares and Options to Lion Nominees Pty Ltd is a Financial Benefit.
- 57 Accordingly, the Company seeks Shareholder approval for the issue of the new Shares and Options to Lion Nominees Pty Ltd under section 208 Corporations Act.

### **Why is approval sought under Listing Rule 10.11?**

- 58 Listing Rule 10.11 requires that an entity must obtain the approval of Shareholders to issue securities to a Related Party and in doing so must provide the information specified in Listing Rule 10.13, unless an exception applies.
- 59 Listing Rule 7.1 prohibits a listed company, except in certain cases, from issuing in any 12-month period new Equity Securities equivalent in number to more than 15% of the total number of ordinary securities on issue at the beginning of the twelve month period (15% Capacity) without the prior approval of a majority of disinterested shareholders, or the issue otherwise comes within one of the exceptions to Listing Rule 7.1 (15% Rule).
- 60 However, under Listing Rule 7.2 (Exception 14), if approval is being sought under Listing Rule 10.11, approval will not be required under Listing Rule 7.1. Therefore, the issue of the new Shares and Options to Lion Nominees Pty Ltd under Resolution 6, if passed, will not count towards the Company's 15% Capacity under Listing Rule 7.1.

61 Resolution 6 if passed, will involve the issue of Shares and Options to Lion Nominees Pty Ltd, a Related Party, by virtue of it being a company associated with Non-Executive Director, Mr Bruce Parncutt AO.

#### **Specific information – Sections 219(1)(a) and 219(1)(b) Corporations Act**

62 For the purposes of Chapter 2E of the Corporations Act, the Related Party to whom Resolution 6 would permit the financial benefit to be give pursuant to section 219(1)(a) Corporations Act is Lion Nominees Pty Ltd a related party of the Company by virtue of it being a company associated with recently appointed a Non-Executive Director, Mr. Bruce Parncutt AO. The nature of the financial benefit pursuant to section 219(1)(b) Corporations Act for Mr Bruce Parncutt AO is the placement of 163,208 new Shares at an issue price of 75 cents per share and 163,208 free attaching Options to Lion Nominees Pty Ltd.

#### **Directors' Recommendations (section 219(1)(c))**

63 With respect to Resolution 6, Messrs Eduard Eshuys, Michael Ilett, and Ross Hutton recommend that Shareholders vote in favour of Resolution 6. The Directors (with the exception of Mr Bruce Parncutt AO) have formed the view that Resolution 6 be put to Shareholders for the following reasons:

- (a) Lion Nominees Pty Ltd a company associated with Director, Mr Bruce Parncutt AO, as set out in the Company's announcement to ASX on 22 May 2018, has committed to subscribe for \$1 million worth of Shares in connection with the Entitlements Offer.
- (b) As Lion Nominees Pty Ltd is a related party of the Company it is not able to subscribe for Shares in excess of its entitlement by way of any participation in the top up facility under the Entitlements Offer.
- (c) The placement of shares to Lion Nominees Pty Ltd (Resolution 6) allow Lion Nominees Pty Ltd to fulfil its commitment and take up a placement for new Shares and options on the same terms and conditions as the Entitlement Offer to the extent that its \$1 million committed is not satisfied under the Entitlements Offer and also allows the Company to satisfy its commitment to Lion Nominees Pty Ltd.

64 However, it must be recognised that there will be an opportunity cost to the Company, being the potentially dilutionary impact of the issue of the placement Shares and exercise of the Options.

65 As Mr Bruce Parncutt AO is interested in the outcome of Resolution 6, he accordingly makes no recommendation to Shareholders in respect of this resolution.

#### **Directors' Interest and other remuneration (section 219(1)(d))**

66 Mr Bruce Parncutt AO has a material personal interest in the outcome of Resolution 6 as it is proposes that Shares and Options be placed to Lion Nominees Pty Ltd. Details of Mr Bruce Parncutt AO's interests and remuneration are set out in paragraphs 33 and 34.

#### **Valuation of Shares and Options**

67 The value of the Shares on the close of trading on 25 May 2018 (being the last trading day before this Notice of Meeting was approved by the Board) was \$0.885.

68 There are various formulae which can be applied to determining the theoretical value of the Options (including the formula known as the Black-Scholes Model and the Monte Carlo simulation. The Black-Scholes Model was used to value the Options.

- 69 The Company has undertaken a valuation of the Options, for the purposes of disclosing to Shareholders such information required to decide whether or not it is in the Company's interest to pass Resolution 6. The value of an option calculated by the Black-Scholes Model is a function of the relationship between a number of variables, being the price of the underlying Share at the time of issue, the exercise price, the time to expiry, the risk-free interest rate, the volatility of the Company's underlying Share price and expected dividends.
- 70 Inherent in the application of the Black-Scholes Model are a number of inputs, some of which must be assumed. The data relied upon in applying the Black-Scholes Model in respect of the Performance Rights includes:-
- (a) the exercise price of each Option being \$1.00;
  - (b) a market price of Shares of \$0.885;
  - (c) vesting date and expiry date of 31 December 2021;
  - (d) a volatility measure of 90%;
  - (e) a risk-free interest rate of 2.40%; and
  - (f) a dividend yield of 0%.
- 71 Based on the valuation of the Options, the value of 163,208 Options provided to Lion Nominees Pty Ltd is \$86,597 and the value of the 163,208 Shares is \$144,439.

**Other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors (section 219(1)(e) and 219(2))**

- 72 There is no other information known to the Company or any of its Directors save and except as follows:
- (a) Market price movements and trading history – details regarding the market price of Shares and trading history of Shares is set out in paragraph 44 above
  - (b) Opportunity Costs  

The opportunity costs and benefits foregone by the Company issuing the Shares and Options is the potentially dilutionary impact on the issued share capital of the Company. To the extent that the dilutionary impact caused by the issue of the Shares and Options will be detrimental to the Company, this is considered to be more than offset by the funds that will be raised and the fact that the Company can meet its commitment to Lion Nominees Pty Ltd.
  - (c) Dilutionary Effect and Mr Bruce Parcutt AO's holdings  

The table below sets out Mr Bruce Parcutt AO's holdings:

    - (i) of Shares and 40c Options at the date of this Notice of Meeting;
    - (ii) if the major shareholders including Lion Nominees Pty Ltd (who have committed to doing so) exercise their 40c Options up to the limits under Chapter 6 Corporations Act (assuming no further issues of Shares occur);



- (iii) if he subscribes for his pro rata entitlement under the rights issue announced on 24 May 2018 and the major shareholders subscribe for \$1 million as per their commitments in relation to the pro-rata rights issue, and the major shareholders (including Lion Nominees Pty Ltd) (who have committed to doing so) exercise their 40c Options up to the limits under Chapter 6 Corporations Act (assuming no further issues of Shares occur);
- (iv) if Lion Nominees is issued the Shares under resolution 6;
- (v) if Lion Nominees exercises the Options to be issued under resolution 6; and
- (vi) if he exercises all of his bonus options granted under the rights issue and resolution 6 assuming and the major shareholders subscribe as per their commitments in relation to the Entitlement Offer, and each major shareholder, including Lion Nominees Pty Ltd (who has committed to doing so) exercise their 40c Options up to the limits under Chapter 6 Corporations Act (assuming no further issues of Shares occur).

Holder	Existing holdings (Shares and 40c Options)	Percentage	On exercise of 40c Options (Assuming major shareholders commitments to exercise options)	Percentage	Subscription for entitlement under the pro rata issue based on major shareholders' commitment up to limits under Chapter 6 of the Corporations Act	Percentage	Lion Nominees Pty Ltd is issued Shares under resolution 6	Percentage	Lion Nominees Pty Ltd issues Options under resolution 6	Percentage	Lion Nominees Pty Ltd exercise their bonus options	Percentage
<b>Shares</b>												
Lion Nominees Pty Ltd	1,934,500	16.38%	2,340,250	15.84%	3,510,375	17.14%	3,673,583	17.80%	3,836,791	18.44%	5,170,124	23.36%
Other	9,876,874	83.62%	12,431,731	84.16%	16,965,064	82.86%	16,965,064	82.20%	16,965,064	81.56%	16,965,064	76.64%
<b>Total</b>	<b>11,811,374</b>	<b>100.00%</b>	<b>14,771,981</b>	<b>100.00%</b>	<b>20,475,439</b>	<b>100.00%</b>	<b>20,638,647</b>	<b>100.00%</b>	<b>20,801,855</b>	<b>100.00%</b>	<b>22,135,188</b>	<b>100.00%</b>
<b>40 cents Options</b>												
Lion Nominees Pty Ltd	351,244	8.43%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Other	3,817,492	91.57%	1,151,705	100.00%	1,151,705	100.00%	1,151,705	100.00%	1,151,705	100.00%	1,151,705	100.00%
<b>Total</b>	<b>4,168,736</b>	<b>100.00%</b>	<b>1,151,705</b>	<b>100.00%</b>	<b>1,151,705</b>	<b>100.00%</b>	<b>1,151,705</b>	<b>100.00%</b>	<b>1,151,705</b>	<b>100.00%</b>	<b>1,151,705</b>	<b>100.00%</b>

NOTE: Any increase in holdings above 20% is subject to the restrictions under the Corporations Act.

- 73 Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to the benefits contemplated by Resolution 6.

### Specific information - Listing Rule 10.13

- 74 For the purposes of Listing Rule 10.13, the following information is provided:-
- (a) The related party is Lion Nominees Pty Ltd, an entity associated with Mr Bruce Parncutt AO who is a Non-Executive Director of the Company.
  - (b) The maximum number of securities to be issued is 163,208 Shares and 163,208 Options.
  - (c) The Shares and Options will, subject to Shareholder approval, be issued as soon as possible after the general meeting but in any event within one month following the Meeting.
  - (d) The Shares will be issued for 75 cents per Share and the Options will be issued for nil consideration.
  - (e) The Company will raise \$122,406.25 through the placement of 163,208 Shares to Lion Nominees Pty Ltd. If the Options are exercised the Company will raise an additional \$163,208.

- (f) The funds raised from the issue of Shares will be used for workings capital, costs of the issue and for completing further exploration activities that focus on the discovery of sediment hosted gold and copper-cobalt deposits in Australia.

### **Resolutions 7, 8, 9 and 10: Issue of Performance Rights to consultants pursuant to Listing Rule 7.1 and for all other purposes.**

- 75 The purpose of Resolutions 7, 8, 9 and 10 is for Shareholders to approve, pursuant to Listing Rule 7.1 and for all other purposes, the issue 50,000 Performance Rights each for nil consideration to Professor Ross Large, Dr Stuart Bull, Dr Neil Phillips, Mr Barry Bourne who are the exploration research consultants retained by the Company.
- 76 The Board's objective for the issue of Performance Rights to the exploration research consultants is to ensure that the Company retains the continued services of well-regarded and qualified research geologists on the Company's projects as well as rewarding the consultants for their continued efforts.
- 77 Subject to the satisfaction of the certain conditions detailed below, Professor Ross Large, Mr Stuart Bull, Dr Neil Phillips, Mr Barry Bourne or their nominees will receive one Share for each Performance Right granted to them. The full terms and conditions of the Performance Rights are outlined in Appendix B to this Explanatory Memorandum.
- 78 Each Performance Right granted to a consultant will be capable of being exercised into one fully paid ordinary share only if:
- (a) one of the following events occurs:
    - (i) on or before 30 June 2020 the volume weighted average price of Shares on the ASX over a 90 day period exceeds \$2.50 (subject to certain adjustments) per Share (**Market Condition**);
    - (ii) on or before 30 June 2020 a takeover bid is made for the Shares at a price or value which exceeds \$2.50 (subject to certain adjustments) and the bidder confirms that the takeover bid is unconditional (**Takeover Condition**);
    - (iii) on or before 30 June 2020 a court orders a meeting to be held in relation to a proposed scheme of arrangement in relation to the Company at a price or value which exceeds \$2.50 (subject to certain conditions) per Share and Shareholders approve the scheme resolution by the requisite majority; and
  - (b) the consultant has been available for consulting work for at least nine days in each three month period from 1 April 2018 until the Market Condition is satisfied.
- 79 The Performance Rights lapse on:
- (a) 1 July 2020 if the VWAP of the DGO Share Price fails to exceed \$2.50 for a 90 day period on or before 30 June 2020;
  - (b) the date, the first day of the following three month period if the consultant has not provided at least nine days consulting in the previous three month period; or
  - (c) 10 July 2021 if the Market Condition is satisfied on or before 30 June 2020 and the Performance Right has not otherwise lapsed because the consultant has not been available for consulting work to the

Company for at least nine days consulting during each three month period before the relevant condition has been satisfied; or

- (d) an earlier date in the event a takeover bid or scheme of arrangement for the Company is successful at a price or value less than or equal to \$2.50 (subject to certain adjustments).

80 The number of Shares that may be issued on exercise and the price for Shares required to meet the Market Condition may be adjusted if there is a reorganisation of the Company's Share capital.

### Resolution 7

81 The purpose of Resolution 7 is for shareholders to approve, pursuant to Listing Rule 7.1 and for all other purposes, the issue of 50,000 Performance Rights for nil consideration to Professor Ross Large as part of his consideration for providing exploration consulting services to the Company.

82 In accordance with Listing Rule 7.3, shareholders are advised of the following particulars in relation to the allotment and issue:

<b>Persons to whom securities are proposed to be issued</b>	Professor Ross Large
<b>Maximum number of securities to be issued</b>	50,000 Performance Rights.
<b>Date by which the Company will issue the securities</b>	The Performance Rights are expected to be issued on or before 27 June 2018 however, in any event will not be issued later than 3 months from the date of the Meeting.
<b>Minimum issue price of the securities</b>	\$ Nil
<b>Terms of issue</b>	The terms of issue are set out in Appendix B.
<b>Use of funds</b>	No funds are raised from the issue of the Performance Rights.

### Directors' Recommendation

83 The Directors unanimously recommend that you vote in favour of this resolution.

### Resolution 8

84 The purpose of Resolution 8 is for shareholders to approve, pursuant to Listing Rule 7.1 and for all other purposes, the issue of 50,000 Performance Rights for nil consideration to Dr Stuart Bull as part of his consideration for providing exploration consulting services to the Company.

85 In accordance with Listing Rule 7.3, shareholders are advised of the following particulars in relation to the allotment and issue:

<b>Persons to whom securities are proposed to be issued</b>	Dr Stuart Bull
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<b>Maximum number of securities to be issued</b>	50,000 Performance Rights.
<b>Date by which the Company will issue the securities</b>	The Performance Rights are expected to be issued on or before 27 June 2018 however, in any event will not be issued later than 3 months from the date of the Meeting.
<b>Minimum issue price of the securities</b>	\$ Nil
<b>Terms of issue</b>	The terms of issue are set out in Appendix B.
<b>Use of funds</b>	No funds are raised from the issue of the Performance Rights.

#### **Directors' Recommendation**

86 The Directors unanimously recommend that you vote in favour of this resolution.

#### **Resolution 9**

87 The purpose of Resolution 9 is for shareholders to approve, pursuant to Listing Rule 7.1 and for all other purposes, the issue of 50,000 Performance Rights for nil consideration to Mr Barry Bourne as part of his consideration for providing exploration consulting services to the Company.

88 In accordance with Listing Rule 7.3, shareholders are advised of the following particulars in relation to the allotment and issue:

<b>Persons to whom securities are proposed to be issued</b>	Mr Barry Bourne
<b>Maximum number of securities to be issued</b>	50,000 Performance Rights.
<b>Date by which the Company will issue the securities</b>	The Performance Rights are expected to be issued on or before 27 June 2018 however, in any event will not be issued later than 3 months from the date of the Meeting.
<b>Minimum issue price of the securities</b>	\$ Nil
<b>Terms of issue</b>	The terms of issue are set out in Appendix B.
<b>Use of funds</b>	No funds are raised from the issue of the Performance Rights.

#### **Directors' Recommendation**

89 The Directors unanimously recommend that you vote in favour of this resolution.

#### **Resolution 10**

90 The purpose of Resolution 10 is for shareholders to approve, pursuant to Listing Rule 7.1 and for all other purposes, the issue of 50,000 Performance Rights for nil consideration to Dr Neil Phillips as part of his consideration for providing exploration consulting services to the Company.

91 In accordance with Listing Rule 7.3, shareholders are advised of the following particulars in relation to the allotment and issue:

<b>Persons to whom securities are proposed to be issued</b>	Dr Neil Phillips
<b>Maximum number of securities to be issued</b>	50,000 Performance Rights.
<b>Date by which the Company will issue the securities</b>	The Performance Rights are expected to be issued on or before 27 June 2018 however, in any event will not be issued later than 3 months from the date of the Meeting.
<b>Minimum issue price of the securities</b>	\$ Nil
<b>Terms of issue</b>	The terms of issue are set out in Appendix B.
<b>Use of funds</b>	No funds are raised from the issue of the Performance Rights.

#### **Directors' Recommendation**

92 The Directors unanimously recommend that you vote in favour of this resolution.

#### **Directors' Recommendation**

93 The Directors unanimously recommend that you vote in favour of this resolution.

#### **Enquiries**

94 Please direct any enquiries in relation to the Meeting, the resolutions or this Explanatory Memorandum to Mr Michael Ilett (Company Secretary) at:

Postal Address:

The Company Secretary  
DGO Gold Limited  
27 General MacArthur Place  
Redbank Qld 4301  
P.O. Box 294  
Carole Park Qld 4300

Telephone: + 61 7 3381 5368  
Facsimile: + 61 7 3381 5365

Email: [ilett@dgogold.com.au](mailto:ilett@dgogold.com.au)

## Definitions

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A number of capitalised terms are used throughout this Notice of Meeting and Explanatory Memorandum. Capitalised terms in this notice of meeting have the same meaning given to them in the Corporations Act (unless otherwise defined below). Except to the extent the context otherwise requires:

<b>Term</b>	<b>Definition</b>
<b>40¢ Options</b>	means options to acquire Shares exercisable at \$0.40 and expiring on 30 June 2020.
<b>General Meeting or Meeting</b>	means the General meeting of the Company contemplated by this Notice.
<b>Andama Holdings Pty Ltd</b>	means Andama Holdings Pty Ltd as trustee for the J and M Barlow Pension Fund.
<b>ASIC</b>	means the Australian Securities & Investments Commission.
<b>ASX</b>	means ASX Limited ACN 008 624 691.
<b>Board</b>	means the board of Directors of the Company.
<b>Company</b>	means DGO Gold Limited ACN 124 459 396.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Entitlement Offer</b>	Means the Entitlement Offer announced to the ASX on 24 May 2018.
<b>Explanatory Memorandum</b>	means the explanatory memorandum accompanying the Notice of Meeting.
<b>Listing Rules</b>	means the official listing rules of ASX.
<b>Options</b>	means options exercisable at \$1.00 and expiring on 31 December 2021.
<b>Performance Rights</b>	means rights which, subject to exercise and the satisfaction of certain conditions, over those shares as described in the Explanatory Memorandum.
<b>Shares</b>	means fully paid ordinary Shares in the capital of the Company.
<b>Shareholders</b>	means the holders of shares in the Company from time to time.

## Appendix A

### Terms of Performance Rights proposed to be issued to Directors

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The following are the terms of issue of the Performance Rights.

#### 1 Definitions

**ASX** means ASX Limited or, as the context requires, the financial market known as the Australian Securities Exchange operated by it.

**Business Day** means a day on which Banks are open for business in Brisbane other than a Saturday, a Sunday or a public holiday.

**Company** means DGO Gold Limited (ACN 124 562 849).

**Group** means the Company and its subsidiaries.

**Change in Control Expiry Event** means:

- (a) a takeover bid is made for the Shares at a price or value which is equal to or less than the Target Price per Share and the bidder becomes entitled to compulsorily acquire the Shares; or
- (b) a court orders a meeting to be held in relation to a proposed scheme of arrangement in relation to the Company at a price or value which is equal to or less than the Target Price per Share and Shareholders approve the scheme resolutions by the requisite majority.

**Conversion Date** means ten Business Days after the Company receives the Conversion Election Notice.

**Conversion Rate** means the rate of conversion of each Performance Right into Shares, being 1 Share for 1 Performance Right held, as adjusted under Condition 3.5.

**Conversion Trigger** means the earliest to occur of:

- (a) the volume weighted average price of Shares on ASX over a 90 day period exceeds the Target Price per Share;
- (b) a takeover bid is made for the Shares at a price or value which exceeds the Target Price per Share and the bidder confirms that the takeover bid is unconditional; and
- (c) if a court orders a meeting to be held in relation to a proposed scheme of arrangement in relation to the Company at a price or value which exceeds the Target Price per Share and shareholders approve the scheme resolution by the requisite majorities.

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

**Expiry Date** means, the earlier of:

- (a) 1 July 2020, if a Conversion Trigger has not occurred before that date; or;

- (b) the date on which the Holder ceases to be a director of the Company if a Conversion Trigger has not occurred before that date;
- (c) the date on which a Change of Control Expiry Event occurs;
- (d) if a Conversion Trigger set out in paragraph (b) or (c) of the definition of 'Conversion Trigger' has occurred, the date determined by the Company's board and notified to the Holder in a Conversion Election Notice which must be no less than 10 Business Days after the date of the Conversion Election Notice; and
- (e) 10 July 2021.

**Holder** means a registered holder of a Performance Right.

**Listing Rules** means the ASX Listing Rules.

**Performance Right** means, at any time, so many of these Performance Rights created and issued by the Company under these Conditions of Issue as are outstanding.

**Shares** means fully paid ordinary Shares in the capital of the Company.

**Target Price per Share** means, \$2,50 per Share as adjusted under Condition 3.5.

## 2 General Terms of Issue

### Terms of Issue

2.1 Each Performance Right shall:

- (a) potentially convert in the manner and at the times provided by Condition 3 into Shares; and
- (b) lapse on the Expiry Date if it has not been subject to Conversion by then.

### Status

2.2 The Performance Rights:

- (a) do not (unless and until a Conversion Trigger has occurred, the Holder has exercised the Performance Right and Shares are issued) confer on Performance Right Holders any right as a member or shareholder of the Company, including voting rights; and
- (b) confer on Performance Right Holders a right to be given copies of documents sent by the Company to shareholders (whether in connection with a general meeting of Shareholders or otherwise).

2.3 Each Holder by accepting an issue of Performance Rights:

- (a) agrees to be bound by these Conditions;
- (b) acknowledges that it has contractual rights as set out in these conditions but that the Performance Rights do not (unless and until a Conversion Trigger has occurred, the Holder has exercised the Performance Right and Shares are issued) confer any right as a member or shareholder of the Company; and
- (c) acknowledges the possibility that the Performance Rights may expire and will not be capable of exercise.



### 3 Conversion to shares

- 3.1 The Company must, if a Conversion Trigger occurs give notice in writing to each Holder (other than where the Holder's Performance Rights have expired) (**Conversion Election Notice**).
- 3.2 Upon receipt of a Conversion Election Notice each Holder shall have a right to elect to convert each Performance Right to Shares at the Conversion Rate provided that the Expiry Date has not occurred by giving notice in writing to the Company at any time prior to the Expiry Date. (**Election Notice**). The Holder may, in its Election Notice, provide details of its nominee that is to be issued Shares on conversion of the Performance Rights, provided that, the nominee covenants with the Company on the same terms as the Holder provides any such covenant under these Conditions or otherwise reasonably required by the Company's board of directors.
- 3.3 Upon receipt of an Election Notice the Company shall issue the Shares arising from Conversion as soon as reasonably practicable and in any event no later than ten Business Days after receipt of the Election Notice.
- 3.4 If a Holder has not given a valid Election Notice prior to the Expiry Date each Performance Right will automatically expire and any entitlement to exercise the Performance Right and convert to Shares shall cease on the Expiry Date.

#### **Adjustment of Conversion Rate and/or Target Price per Share**

- 3.5 If the Company reorganises its capital, the Conversion Rate and Target Price per Share will be adjusted in accordance with the Listing Rules applicable at the time of the reorganisation, and so that Holders will not receive a benefit that holders of Shares do not receive. Unless the Listing Rules require otherwise, the Conversion Rate and Target Price per Share must be adjusted as follows:

##### Reduction in capital:

- (a) If the issued capital of the Company is reduced, the Target Price per Share will be reduced by the same amount as the amount of issued capital reduced on each Share (subject to any provisions with respect to the rounding of entitlements as may be sanctioned by the meeting of the members of the Company approving the reduction of capital) but in all other respects the terms of the Performance Rights will remain unchanged, including the Conversion Rate;

##### Consolidation of capital:

- (b) If the issued capital of the Company is consolidated, the Conversion Rate will be reduced in the same proportion and manner as the issued capital is so consolidated (subject to any provisions with respect to the rounding of entitlements as may be sanctioned by the meeting of the members of the Company approving the consolidation of capital) and the Target Price per Share will be increased in inverse proportion to the consolidation of issued capital, but in all other respects the terms of the Performance Rights will remain unchanged; and

##### Subdivision of Capital:

- (c) If the issued capital of the Company is subdivided, the Conversion Rate will be

increased in the same proportion and manner as the issued capital is so subdivided (subject to any provisions with respect to the rounding of entitlements as may be sanctioned by the meeting of the members of the Company approving the subdivision of capital) and the Target Price per Share will be decreased in inverse proportion to the subdivision of issued capital but in all other respects the terms of the Performance Rights will remain unchanged.

### **Conversion to Shares**

- 3.6 Subject to these conditions of issue, the Company covenants with each Performance Right Holder that, subject to the issue of Shares being consistent with any applicable law or the Listing Rules, it will issue Shares for the Performance Rights at the Conversion Rate on the Conversion Date.
- 3.7 Any Shares issued upon conversion of Performance Rights will rank in all respects equally with the then existing Shares of the Company and will rank for dividends declared by the Company on its Shares after the Conversion Date of the Performance Rights. Prior to conversion, the Performance Rights do not confer any entitlement to a dividend.
- 3.8 After the issue of such Shares, if the Company is listed on the ASX, the Company will apply for quotation of such Shares on the ASX to allow them to be traded.

### **Costs of Conversion and listing**

- 3.9 Except as otherwise stated in these Conditions, the Company will pay the expenses (but excluding any taxes or stamp duties for which the holders of Shares would ordinarily be liable) of the issue of, and all expenses of obtaining a listing for, Shares issued on Conversion.

### **Conversion Right warranties**

- 3.10 The Company must, whilst the Performance Rights have neither expired nor converted into Shares:
  - (a) **Listing:** subject to Condition 3.3, use its best endeavours to promptly give to the Holders notice of any delisting of the Shares (as a class) by the ASX, or any other stock exchange on which they are listed from time to time;
  - (b) **Conversion to ordinary Shares:** ensure that all Shares issued upon conversion of a Performance Right will be duly and validly issued, fully paid and registered in the name of the Holder or its nominee set out in the Holder's Election Notice; and
  - (c) **Consents:** use reasonable endeavours to obtain, as and when required, and having once obtained, maintain, all necessary governmental and regulatory consents to enable the Company to allot and issue the Shares to be issued upon conversion of the Performance Rights, other than any approval or consent required in respect of section 606 Corporations Act or the *Foreign Acquisitions and Takeovers Act 1975* (Cth) which shall be the sole responsibility of the Holder.

### **Bound by Constitution**

- 3.11 Each Holder acknowledges that on the issue of Shares on the Conversion Date, the Holder or its nominee will be bound by the Constitution of the Company in so far as it relates to Shares.

### **External Administration**

- 3.12 If the Company becomes an externally-administered body corporate (within the meaning of the

Corporations Act) and notwithstanding any other provision of these Conditions, the Performance Rights will expire (and any entitlement to Conversion shall thereupon cease without conferring any right to participate in the surplus profit or assets of the Company).

#### **4 Title to Performance Rights**

- (a) Except as ordered by a court of competent jurisdiction or as required by law, the Company:
- (a) may treat the registered holder of any Performance Right as the absolute owner (notwithstanding any notice of ownership or writing on the Performance Right or any notice of previous loss or theft or of any trust or any other interest);
  - (b) is not required to obtain any proof of ownership and is not required to verify the identity of the registered holder; and
  - (c) is not required to recognise or give effect to any legal or equitable interest in any Performance Right not entered on the Register notwithstanding that the Issuer may have actual or constructive notice thereof.

#### **5 Non transferability**

- 5.1 The Performance Rights will not be listed and are not transferable.
- 5.2 Any person becoming entitled to Performance Rights in consequence of the death or bankruptcy of any holder of such Performance Rights, may, upon producing evidence of the Holder's title as the Directors shall think sufficient, be registered as the holder of such Performance Rights.

#### **6 Non- Redeemable**

- 6.1 The Performance Rights are not redeemable in any circumstance by the Company.

#### **7 Notices**

- 7.1 A notice given to a Holder pursuant to a provision of these Conditions shall be in writing or electronic form and may be given to a Holder by being delivered to him by e-mail, facsimile, or posted in a pre-paid envelope and addressed to the address appearing in the register or to such other address as he has notified the Company in writing.
- 7.2 A notice given to any one of joint Performance Right Holders is sufficient notice to all of those joint Performance Right Holders.

#### **8 Conditions Binding on Parties and Successors**

- 8.1 These Conditions shall be binding on the Company and the Holders and all persons claiming through or under them respectively. These Conditions shall be governed by and construed in accordance with the laws of Queensland.

#### **9 Amendment**

- 9.1 These Conditions may only be amended if the board of the Company determines that such amendment is necessary to:
- (a) enable the Company to comply with the Listing Rules, Corporations Act or other Australian law; or

(b) to correct any manifest error or mistake,

and the board of the Company provides notice to each Holder accordingly.

## **10 Attorney**

10.1 Each Holder in consideration of the grant of the Performance Right shall be deemed to have irrevocably appointed the Company and each of its directors severally as its attorney to complete and executed any documents which give effect to these conditions and to do all acts or things on behalf of or in the name of the Holder which may be convenient or necessary for the purposes of giving effect to the provisions of these conditions, and each Holder shall be deemed to covenant to ratify and confirm any act or thing done pursuant to this power and shall release the Company and each of its directors from any liability whatsoever arising from the exercise of the power conferred by this condition and shall indemnify and hold harmless the Company and each of its directors in respect thereof.

## Appendix B

### Terms of Performance Rights proposed to be issued to Consultants

---

The following are the terms of issue of the Performance Rights.

#### 1 Definitions

**ASX** means ASX Limited or, as the context requires, the financial market known as the Australian Securities Exchange operated by it.

**Business Day** means a day on which Banks are open for business in Brisbane other than a Saturday, a Sunday or a public holiday.

**Company** means DGO Gold Limited (ACN 124 562 849).

**Group** means the Company and its subsidiaries.

**Change in Control Expiry Event** means:

- (a) a takeover bid is made for the Shares at a price or value which is equal to or less than the Target Price per Share and the bidder becomes entitled to compulsorily acquire the Shares; or
- (b) a court orders a meeting to be held in relation to a proposed scheme of arrangement in relation to the Company at a price or value which is equal to or less than the Target Price per Share and Shareholders approve the scheme resolutions by the requisite majority.

**Conversion Date** means ten Business Days after the Company receives the Conversion Election Notice.

**Conversion Rate** means the rate of conversion of each Performance Right into Shares, being 1 Share for 1 Performance Right held, as adjusted under Condition 3.5.

**Conversion Trigger** means the earliest to occur of:

- (a) the volume weighted average price of Shares on ASX over a 90 day period exceeds the Target Price per Share;
- (b) a takeover bid is made for the Shares at a price or value which exceeds the Target Price per Share and the bidder confirms that the takeover bid is unconditional; and
- (c) if a court orders a meeting to be held in relation to a proposed scheme of arrangement in relation to the Company at a price or value which exceeds the Target Price per Share and shareholders approve the scheme resolution by the requisite majorities.

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

**Expiry Date** means, the earlier of:

- (a) 1 July 2020, if a Conversion Trigger has not occurred before that date; or;
- (b) the date on which the Holder ceases to be available, during any three month period from 1 July 2018 to 30 June 2020, for at least nine days of consulting to the Company, if a Conversion Trigger has not occurred before that date;
- (c) the date on which a Change of Control Expiry Event occurs;

- (d) if a Conversion Trigger set out in paragraph (b) or (c) of the definition of 'Conversion Trigger' has occurred, the date determined by the Company's board and notified to the Holder in a Conversion Election Notice which must be no less than 10 Business Days after the date of the Conversion Election Notice; and
- (e) 10 July 2021.

**Holder** means a registered holder of a Performance Right.

**Listing Rules** means the ASX Listing Rules.

**Performance Right** means, at any time, so many of these Performance Rights created and issued by the Company under these Conditions of Issue as are outstanding.

**Shares** means fully paid ordinary Shares in the capital of the Company.

**Target Price per Share** means, \$2,50 per Share as adjusted under Condition 3.5.

### **3 General Terms of Issue**

#### **Terms of Issue**

2.4 Each Performance Right shall:

- (a) potentially convert in the manner and at the times provided by Condition 3 into Shares; and
- (b) lapse on the Expiry Date if it has not been subject to Conversion by then.

#### **Status**

2.5 The Performance Rights:

- (a) do not (unless and until a Conversion Trigger has occurred, the Holder has exercised the Performance Right and Shares are issued) confer on Performance Right Holders any right as a member or shareholder of the Company, including voting rights; and
- (b) confer on Performance Right Holders a right to be given copies of documents sent by the Company to shareholders (whether in connection with a general meeting of Shareholders or otherwise).

2.6 Each Holder by accepting an issue of Performance Rights:

- (a) agrees to be bound by these Conditions;
- (b) acknowledges that it has contractual rights as set out in these conditions but that the Performance Rights do not (unless and until a Conversion Trigger has occurred, the Holder has exercised the Performance Right and Shares are issued) confer any right as a member or shareholder of the Company; and
- (c) acknowledges the possibility that the Performance Rights may expire and will not be capable of exercise.

### **11 Conversion to shares**

11.1 The Company must, if a Conversion Trigger occurs give notice in writing to each Holder (other than where the Holder's Performance Rights have expired) (**Conversion Election Notice**).

- 11.2 Upon receipt of a Conversion Election Notice each Holder shall have a right to elect to convert each Performance Right to Shares at the Conversion Rate provided that the Expiry Date has not occurred by giving notice in writing to the Company at any time prior to the Expiry Date. **(Election Notice)**. The Holder may, in its Election Notice, provide details of its nominee that is to be issued Shares on conversion of the Performance Rights, provided that, the nominee covenants with the Company on the same terms as the Holder provides any such covenant under these Conditions or otherwise reasonably required by the Company's board of directors.
- 11.3 Upon receipt of an Election Notice the Company shall issue the Shares arising from Conversion as soon as reasonably practicable and in any event no later than ten Business Days after receipt of the Election Notice.
- 11.4 If a Holder has not given a valid Election Notice prior to the Expiry Date each Performance Right will automatically expire and any entitlement to exercise the Performance Right and convert to Shares shall cease on the Expiry Date.

### **Adjustment of Conversion Rate and/or Target Price per Share**

- 11.5 If the Company reorganises its capital, the Conversion Rate and Target Price per Share will be adjusted in accordance with the Listing Rules applicable at the time of the reorganisation, and so that Holders will not receive a benefit that holders of Shares do not receive. Unless the Listing Rules require otherwise, the Conversion Rate and Target Price per Share must be adjusted as follows:

#### Reduction in capital:

- (a) If the issued capital of the Company is reduced, the Target Price per Share will be reduced by the same amount as the amount of issued capital reduced on each Share (subject to any provisions with respect to the rounding of entitlements as may be sanctioned by the meeting of the members of the Company approving the reduction of capital) but in all other respects the terms of the Performance Rights will remain unchanged, including the Conversion Rate;

#### Consolidation of capital:

- (b) If the issued capital of the Company is consolidated, the Conversion Rate will be reduced in the same proportion and manner as the issued capital is so consolidated (subject to any provisions with respect to the rounding of entitlements as may be sanctioned by the meeting of the members of the Company approving the consolidation of capital) and the Target Price per Share will be increased in inverse proportion to the consolidation of issued capital, but in all other respects the terms of the Performance Rights will remain unchanged; and

#### Subdivision of Capital:

- (c) If the issued capital of the Company is subdivided, the Conversion Rate will be increased in the same proportion and manner as the issued capital is so subdivided (subject to any provisions with respect to the rounding of entitlements as may be sanctioned by the meeting of the members of the Company approving the subdivision of capital) and the Target Price per Share will be decreased in inverse proportion to the subdivision of issued capital but in all other respects the terms of the Performance Rights will remain unchanged.

## Conversion to Shares

- 11.6 Subject to these conditions of issue, the Company covenants with each Performance Right Holder that, subject to the issue of Shares being consistent with any applicable law or the Listing Rules, it will issue Shares for the Performance Rights at the Conversion Rate on the Conversion Date.
- 11.7 Any Shares issued upon conversion of Performance Rights will rank in all respects equally with the then existing Shares of the Company and will rank for dividends declared by the Company on its Shares after the Conversion Date of the Performance Rights. Prior to conversion, the Performance Rights do not confer any entitlement to a dividend.
- 11.8 After the issue of such Shares, if the Company is listed on the ASX, the Company will apply for quotation of such Shares on the ASX to allow them to be traded.

## Costs of Conversion and listing

- 11.9 Except as otherwise stated in these Conditions, the Company will pay the expenses (but excluding any taxes or stamp duties for which the holders of Shares would ordinarily be liable) of the issue of, and all expenses of obtaining a listing for, Shares issued on Conversion.

## Conversion Right warranties

- 11.10 The Company must, whilst the Performance Rights have neither expired nor converted into Shares:
- (a) **Listing:** subject to Condition 3.3, use its best endeavours to promptly give to the Holders notice of any delisting of the Shares (as a class) by the ASX, or any other stock exchange on which they are listed from time to time;
  - (b) **Conversion to ordinary Shares:** ensure that all Shares issued upon conversion of a Performance Right will be duly and validly issued, fully paid and registered in the name of the Holder or its nominee set out in the Holder's Election Notice; and
  - (c) **Consents:** use reasonable endeavours to obtain, as and when required, and having once obtained, maintain, all necessary governmental and regulatory consents to enable the Company to allot and issue the Shares to be issued upon conversion of the Performance Rights, other than any approval or consent required in respect of section 606 Corporations Act or the *Foreign Acquisitions and Takeovers Act 1975* (Cth) which shall be the sole responsibility of the Holder.

## Bound by Constitution

- 11.11 Each Holder acknowledges that on the issue of Shares on the Conversion Date, the Holder or its nominee will be bound by the Constitution of the Company in so far as it relates to Shares.

## External Administration

- 11.12 If the Company becomes an externally-administered body corporate (within the meaning of the Corporations Act) and notwithstanding any other provision of these Conditions, the Performance Rights will expire (and any entitlement to Conversion shall thereupon cease without conferring any right to participate in the surplus profit or assets of the Company).

## 12 Title to Performance Rights

- (b) Except as ordered by a court of competent jurisdiction or as required by law, the Company:



- (a) may treat the registered holder of any Performance Right as the absolute owner (notwithstanding any notice of ownership or writing on the Performance Right or any notice of previous loss or theft or of any trust or any other interest);
- (b) is not required to obtain any proof of ownership and is not required to verify the identity of the registered holder; and
- (c) is not required to recognise or give effect to any legal or equitable interest in any Performance Right not entered on the Register notwithstanding that the Issuer may have actual or constructive notice thereof.

### **13 Non transferability**

13.1 The Performance Rights will not be listed and are not transferable.

13.2 Any person becoming entitled to Performance Rights in consequence of the death or bankruptcy of any holder of such Performance Rights, may, upon producing evidence or of the Holder's title as the Directors shall think sufficient, be registered as the holder of such Performance Rights.

### **14 Non-Redeemable**

14.1 The Performance Rights are not redeemable in any circumstance by the Company.

### **15 Notices**

15.1 A notice given to a Holder pursuant to a provision of these Conditions shall be in writing or electronic form and may be given to a Holder by being delivered to him by e-mail, facsimile, or posted in a pre-paid envelope and addressed to the address appearing in the register or to such other address as he has notified the Company in writing.

15.2 A notice given to any one of joint Performance Right Holders is sufficient notice to all of those joint Performance Right Holders.

### **16 Conditions Binding on Parties and Successors**

16.1 These Conditions shall be binding on the Company and the Holders and all persons claiming through or under them respectively. These Conditions shall be governed by and construed in accordance with the laws of Queensland.

### **17 Amendment**

17.1 These Conditions may only be amended if the board of the Company determines that such amendment is necessary to:

- (a) enable the Company to comply with the Listing Rules, Corporations Act or other Australian law; or
- (b) to correct any manifest error or mistake,

and the board of the Company provides notice to each Holder accordingly.

## 18 **Attorney**

- 18.1 Each Holder in consideration of the grant of the Performance Right shall be deemed to have irrevocably appointed the Company and each of its directors severally as its attorney to complete and executed any documents which give effect to these conditions and to do all acts or things on behalf of or in the name of the Holder which may be convenient or necessary for the purposes of giving effect to the provisions of these conditions, and each Holder shall be deemed to covenant to ratify and confirm any act or thing done pursuant to this power and shall release the Company and each of its directors from any liability whatsoever arising from the exercise of the power conferred by this condition and shall indemnify and hold harmless the Company and each of its directors in respect thereof.

## Appendix C

### Option Terms

<b>Exercise of Options</b>	<p>Each Option is exercisable immediately on issue. The Options may be exercised at any time before their expiry date, by delivering a duly completed form of notice of exercise together with a cheque for the exercise price. DGO Gold will issue one Share for each Option exercised.</p> <p>The holder may only exercise a minimum of 10,000 Options on any particular occasion, unless the holder has, in total, less than 10,000 Options, in which case they must exercise all their Options at the same time.</p> <p>The exercise of each Option is subject to compliance with the Corporations Act (in particular, the requirements of Chapter 6 of the Corporations Act).</p>
<b>Transfer and security interests</b>	<p>The holder may only:</p> <ul style="list-style-type: none"> <li>(a) create a security interest in; or</li> <li>(b) transfer, assign, dispose or otherwise deal with,</li> </ul> <p>Options, or any interest in the Options, with the prior written consent of the Board.</p>
<b>Terms of Shares issued</b>	<p>Any Shares issued as a result of exercising a Option will be issued on the same terms and rank in all respects on equal terms, with existing Shares.</p>
<b>Quotation of Shares issued</b>	<p>Application for official quotation of Shares allotted and issued as a result of the exercise of the Options will be made within three Business Days from the date of issue of the Shares.</p>
<b>Expiration of Options</b>	<p>Each Option will expire on 31 December 2021.</p>
<b>Issue price of Options</b>	<p>No issue price is payable for the Options.</p>
<b>Exercise price of Options</b>	<p>\$1.00 upon exercise to acquire each Share.</p>
<b>Option register</b>	<p>Options will be registered in the name of the holder in an option register maintained by the share registry. The share registry will issue holding statements that evidence the number of Options held. No option certificates will be issued.</p>
<b>Reconstruction of capital</b>	<p>If there is a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of DGO Gold:</p> <ul style="list-style-type: none"> <li>(a) the number of Options or the exercise price of the Options or both will be adjusted as specified in Listing Rule 7.22 as it applies at the time of the reorganisation; and</li> <li>(b) in all other respects the terms for the exercise of the Options will remain unchanged.</li> </ul>
<b>No adjustment for pro rata issue of Shares</b>	<p>There will be no adjustment to the terms of the Options if there is a pro rata issue of Shares.</p>


<b>Adjustment for issue of bonus shares</b>	If there is a bonus issue of Shares, the number of Shares issued upon exercise of the Options will be adjusted as specified in Listing Rule 6.22.3.
<b>New issues of Shares</b>	The Options do not confer a right to participate in new issues of Shares unless the Options have been exercised on or before the record date for determining entitlements to the issue.
<b>Notice of adjustments</b>	DGO Gold will give written notice to the Option holder of any adjustment of the exercise price of the Options and any increase or decrease in the number of Options.
<b>Dividend rights</b>	While they remain unexercised, the Options will not give a holder an entitlement to receive any dividends declared and paid by DGO Gold for Shares.
<b>Applicable law</b>	Each Option is issued subject to: (a) the Corporations Act; (b) the Listing Rules; and (c) the Company's constitution.
<b>Quotation</b>	The Company will not apply to ASX for official quotation of any of the Options.

# DGO Gold Limited


ACN 124 562 849


## LODGE YOUR VOTE

 **ONLINE**  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

 **BY MAIL**  
DGO Gold Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

 **BY FAX**  
+61 2 9287 0309

 **BY HAND**  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000


 **ALL ENQUIRIES TO**  
Telephone: +61 1300 554 474

## LODGE A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **11:00am on Saturday, 14 July 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

 **ONLINE**  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)  
Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this Proxy Form).

 **BY MAIL**  
DGO Gold Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

 **BY FAX**  
+61 2 9287 0309

 **BY HAND**  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes  
NSW 2138;  
  
or  
  
Link Market Services Limited  
Level 12, 680 George Street,  
Sydney NSW 2000

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item 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 the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item 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's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### 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, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the 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.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

# PROXY FORM

I/We being a member(s) of DGO Gold Limited and entitled to attend and vote hereby appoint:

## APPOINT A PROXY

the Chairman of the Meeting (*mark box*)

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

STEP 1

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **11:00am on Monday, 16 July 2018 at McCullough Robertson Lawyers, Level 11, 66 Eagle Street, Brisbane** (the **Meeting**) and at any postponement or adjournment of the Meeting.

**Important for Resolutions 2, 3, 4, 5 & 6:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of **Resolutions 2, 3, 4, 5 & 6**, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

## VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an .

### Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Approval of previous share issue on 4 April 2018	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Approval to issue Performance Rights to Mr Barry Bourne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approval to issue Performance Rights to the Executive Chairman, Mr Eduard Eshuys	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Approval to issue Performance Rights to Dr Neil Phillips	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval to issue Performance Rights to the Executive Director and Company Secretary, Mr Michael Ilett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Approval to issue Performance Rights to the Non-Executive Director, Mr Bruce Parncutt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5 Approval to issue Performance Rights to the Non-Executive Director, Mr Ross Hutton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6 Approval for Share and Option issue to Lion Nominees Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7 Approval to issue Performance Rights to Professor Ross Large	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 Approval to issue Performance Rights to Dr Stuart Bull	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

STEP 2



\* If you mark the Abstain box for a particular Item, 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.

## SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

STEP 3

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

