



ASX Announcement

8 March 2018

Notice of Extraordinary General Meeting

Despatch of Meeting Materials

Dark Horse Resources Limited (ASX: DHR; "DHR", "Dark Horse" or "Company") advises that the meeting materials for the Company's upcoming Extraordinary General Meeting to be convened on 6 April 2018 are being despatched today by the Company's share registry.

A copy of the meeting materials is included in this release and also available via the Company's website.

On behalf of the Board
Mr Karl Schlobohm
Company Secretary

For further information contact:

Mr David Mason
Executive Director, Dark Horse Resources Ltd
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Company Secretary, Dark Horse Resources Ltd
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Notice of Extraordinary General Meeting and Explanatory Memorandum

Dark Horse Resources Limited

ACN: 068 958 752

Date of Meeting: Friday, 6 April 2018

Time of Meeting: 11:00am (Brisbane time)

Place of Meeting: Level 7, Waterfront Place 1 Eagle Street, Brisbane Qld 4000

Notice is hereby given an Extraordinary General Meeting of Shareholders of Dark Horse Resources Ltd ACN 068 958 752 (the **Company**) will be held at the offices of HopgoodGanim, Level 7, Waterfront Place 1 Eagle Street, Brisbane Qld 4000 on Friday, 6 April 2018, at 11:00am (Brisbane time).

Agenda

ORDINARY BUSINESS

Resolution 1. Ratification of 238,029,614 Previously Issued Shares

To consider and, if thought fit, pass the following Ordinary Resolution with or without modification:

*“That in accordance with the provisions of Listing Rule 7.4 and for all other purposes, Shareholders ratify the previous issues by the Company, being a total of 238,029,614 fully paid ordinary Shares (the **Ratification Shares**) including 24,393,250 fully paid ordinary Shares at an issue price of \$0.008 and 213,636,364 fully paid ordinary Shares at an issue price of \$0.011 issued at various times between 30 October 2017 and 11 December 2017 to those recipients set out in, and in those proportions set out in, and otherwise on those terms set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on this Resolution by:

- the recipients of the Shares the subject of this Resolution; and
- any associate of those recipients.

However, the Company need not disregard a vote if:

- 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
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

See Explanatory Memorandum for further information.

Resolution 2. Approval for the conversion of up to \$800,000 in debt owed to Neil Stuart through the issue of Shares

To consider and, if thought fit, pass the following Ordinary Resolution with or without modification:

“That in accordance with the provisions of Chapter 2E of the Corporations Act, Listing Rule 10.11, and for all other purposes, Shareholders approve the conversion of up to \$800,000 in debt owed to Neil Stuart (or his nominee), a Director of Dark Horse Resources Limited, via the issue of fully paid ordinary Shares in the Company, at an issue price per Share calculated in accordance with the formula set out in, and otherwise issued on the terms and conditions contained in, the Explanatory Memorandum accompanying this Notice of Meeting.”

VOTING EXCLUSION STATEMENT

In accordance with Listing Rule 14.11 the Company will disregard any votes cast on this Resolution by:

- Neil Stuart; and
- any associate of Neil Stuart.

However, the Company need not disregard a vote if:

- 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
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

In accordance with Chapter 2E of the Corporations Act, a vote on this Resolution must not be cast by or on behalf of:

- (a) Neil Stuart; and
- (b) any associate of Neil Stuart.

However, this does not prevent the casting of a vote on this Resolution if it is cast by a person as a proxy in writing that specifies how the proxy is to vote on the proposed Resolution and it is not cast on behalf a person referred to in subparagraphs (a) or (b) directly above.

See Explanatory Memorandum for further information.

Resolution 3. Approval for the conversion of \$162,845 in debt owed to David Mason through the issue of Shares

To consider and, if thought fit, pass the following Ordinary Resolution with or without modification:

“That in accordance with the provisions of Chapter 2E of the Corporations Act, Listing Rule 10.11, and for all other purposes, Shareholders approve the conversion of \$162,845 in debt owed to David Mason (or his nominee), a Director of Dark Horse Resources Limited, via the issue of fully paid ordinary Shares in the Company, at an issue price per Share calculated in accordance with the formula set out in, and otherwise issued on the terms and conditions contained in, the Explanatory Memorandum accompanying this Notice of Meeting.”

VOTING EXCLUSION STATEMENT

In accordance with Listing Rule 14.11 the Company will disregard any votes cast on this Resolution by:

- David Mason; and
- any associate of David Mason.

However, the Company need not disregard a vote if:

- 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

it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

In accordance with Chapter 2E of the Corporations Act, a vote on this Resolution must not be cast by or on behalf of:

- (a) David Mason; and
- (b) any associate David Mason.

However, this does not prevent the casting of a vote on this Resolution if it is cast by a person as a proxy in writing that specifies how the proxy is to vote on the proposed Resolution and it is not cast on behalf a person referred to in subparagraphs (a) or (b) directly above.

See Explanatory Memorandum for further information.

Resolution 4. Approval for the conversion of up to \$400,000 in debt owed to DGR Global Limited through the issue of Shares

To consider and, if thought fit, pass the following Ordinary Resolution with or without modification:

“That in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the conversion of up to \$400,000 in debt owed to DGR Global Ltd, via the issue of fully paid ordinary Shares in the Company, at an issue price per Share calculated in accordance with the formula set out in, and otherwise issued on the terms and conditions contained in, the Explanatory Memorandum accompanying this Notice of Meeting.”

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on this Resolution by:

- DGR Global Limited; and
- any associate of DGR Global Limited.

However, the Company need not disregard a vote if:

- 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
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

See Explanatory Memorandum for further information.

GENERAL BUSINESS

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

By Order of the Board

A handwritten signature in blue ink, appearing to read "K. Schlobohm", is written over a horizontal line.

Karl Schlobohm
Company Secretary
26 February 2018

Explanatory Memorandum

This Explanatory Memorandum is provided to the Shareholders of Dark Horse Resources Ltd ACN 068 958 752 (the **Company**) to explain the Resolutions to be put to Shareholders at the Extraordinary General Meeting to be held at HopgoodGanim, Level 7, Waterfront Place 1 Eagle Street, Brisbane Qld 4000 on 6 April 2018 at 11:00am (Brisbane time).

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions to be put to the Meeting as contained in the Notice of Meeting material. The Directors recommend that Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum are defined in the “Interpretation” section of the Explanatory Memorandum.

ORDINARY BUSINESS

Resolution 1. Ratification of 238,029,614 Previously Issued Shares

Resolution 1 seeks the ratification of Shareholders for the previous issues of 238,029,614 fully paid ordinary Shares to the persons and corporations listed hereunder in the last quarter of 2017.

Listing Rule 7.4

As noted above, in accordance with Listing Rule 7.4, the Company is seeking Shareholders to ratify the previous issues of the Ratification Shares as outlined below, being issues of securities made by the Company during the last quarter of 2017 for which Shareholders’ approval has not been obtained.

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its Shareholders. The Company seeks Shareholder approval to ratify the issue of the Ratification Shares in accordance with Listing Rule 7.4 in order to refresh the Company’s ability to issue up to 15% of its Share capital (in a 12 month period) under Listing Rule 7.1.

Under Listing Rule 7.4, an issue of securities made without approval under Listing Rule 7.1 is treated as having been made with approval if the issue:

- did not breach Listing Rule 7.1 (i.e. the issue did not exceed the 15% limit under Listing Rule 7.1 at the time of the issue); and
- holders of the ordinary securities subsequently approve the issue.

Information required by Listing Rule 7.5

For the purpose of Listing Rule 7.5 the Company notes as follows:

- (1) The Company issued 238,029,614 Ratification Shares.
- (2) The price at which Ratification Shares were issued was either \$0.008 or \$0.011 per Share as set out in the column headed “Price” in Table 1 below.
- (3) The Ratification Shares are not subject to escrow restrictions, and were issued on the same terms as and rank *pari passu* with, the Shares that were already on issue in the capital of the Company. The rights and liabilities of all Shareholders are set out in the Constitution of the Company. The Constitution can be obtained from the Company’s website at the following link <https://www.darkhorseresources.com.au/corporate-governance/>.

- (4) The Shares were issued to the various parties listed in the column headed "Allottee/Subscriber" in Table 1 below.
- (5) The funds raised have, and will be used to further the exploration of the Company's Argentinean projects, for corporate costs, and for general working capital purposes.
- (6) A Voting Exclusion Statement is set out in the Notice of Meeting for this Resolution.

Table 1

| Allottee/Subscriber | Price | Number of Shares | Amount (\$) |
|---|---------|-------------------|------------------|
| Scotia Capital Inc <Hugo Valenti A/C> | \$0.008 | 8,143,250 | \$65,146 |
| Shares allotted on 30 October 2017 | | 8,143,250 | \$65,146 |
| Mr Juan Andino | \$0.008 | 16,250,000 | \$130,000 |
| Shares allotted on 10 November 2017 | | 16,250,000 | \$130,000 |
| Jones Org Pty Ltd<Jones Org A/C> | \$0.011 | 2,000,000 | \$22,000 |
| Guy Jones Pty Ltd<The Guy Jones Family S/F A/C> | \$0.011 | 5,000,000 | \$55,000 |
| Andrew Thomas Gladman | \$0.011 | 4,818,182 | \$53,000 |
| Angel Fire Investments Pty Ltd | \$0.011 | 2,000,000 | \$22,000 |
| Mr Daniel Raymond Farquhar | \$0.011 | 2,000,000 | \$22,000 |
| Badg Corp Pty Ltd<The D&A Carbone Family A/C> | \$0.011 | 4,818,182 | \$53,000 |
| Fairbrother Holdings Pty Ltd | \$0.011 | 3,636,360 | \$40,000 |
| KHE SANH Pty Ltd<Trading No 1 A/C> | \$0.011 | 3,636,360 | \$40,000 |
| Mandolin Nominees Pty Ltd<Tj Cowcher Family A/C> | \$0.011 | 3,636,360 | \$40,000 |
| Ocean Reef Holdings Pty Ltd | \$0.011 | 3,636,360 | \$40,000 |
| Mr Ian Michael Paterson Parker + Mrs Catriona Sylvia Parker<IMPP A/C> | \$0.011 | 3,636,378 | \$40,000 |
| R B Kitch & Associates Pty Ltd<Brusca Smsf A/C> | \$0.011 | 10,000,000 | \$110,000 |
| Havelock Mining Investment Ltd | \$0.011 | 45,454,545 | \$500,000 |
| Christopher James Johns | \$0.011 | 454,545 | \$5,000 |
| Mr Peter Finlay Mckenzie | \$0.011 | 909,091 | \$10,000 |
| Cropanly Pty Ltd <Two Endeavour Super A/C> | \$0.011 | 4,545,455 | \$50,000 |
| E.M.Enterprises (QLD) Pty Ltd <The Sherwood Super Fund A/C> | \$0.011 | 4,545,455 | \$50,000 |
| Thosnunn Pty Ltd<Super Fund A/C> | \$0.011 | 4,545,455 | \$50,000 |
| The Wackwitz Superannuation Fund | \$0.011 | 1,818,182 | \$20,000 |
| Merlo Nominees Pty Ltd<Merlo Family A/C> | \$0.011 | 1,818,182 | \$20,000 |
| AJ Loo Investments Pty Ltd <AJ Loo Investments Family A/C> | \$0.011 | 1,818,182 | \$20,000 |
| Apostman Superannuation Pty Ltd<Apostman Super Fund A/C> | \$0.011 | 1,750,000 | \$19,250 |
| CTTR Growth Pty Ltd | \$0.011 | 1,000,000 | \$11,000 |
| Ridge Street Ctr Pty Ltd<Ridge Street A/C> | \$0.011 | 2,318,182 | \$25,500 |
| Willing Vale Pty Ltd | \$0.011 | 1,750,000 | \$19,250 |
| Mr Bin Liu | \$0.011 | 18,000,000 | \$198,000 |
| Assurance Capital Pty Ltd | \$0.011 | 3,000,000 | \$33,000 |
| Threebee Investment Group Pty Ltd | \$0.011 | 8,181,818 | \$90,000 |
| Mr Sufian Ahmad | \$0.011 | 10,000,000 | \$110,000 |
| MGL Corp Pty Ltd | \$0.011 | 6,272,727 | \$69,000 |
| David Philip Palmer | \$0.011 | 1,363,636 | \$15,000 |
| Mr CP & Mrs NA Dredge <Dredge Super Fund A/C> | \$0.011 | 4,545,455 | \$50,000 |
| Ruth Frances Hubbard | \$0.011 | 4,545,455 | \$50,000 |
| Deftpals Pty Ltd | \$0.011 | 9,090,909 | \$100,000 |
| Leet Investments Pty Ltd | \$0.011 | 3,000,000 | \$33,000 |
| 14Oil Pty Ltd<14Oil Super Fund /C> | \$0.011 | 1,500,000 | \$16,500 |
| Westglade Pty Ltd | \$0.011 | 1,500,000 | \$16,500 |
| P Ewart Investments Pty Ltd | \$0.011 | 500,000 | \$5,500 |
| Mr David Michael John Bennett | \$0.011 | 500,000 | \$5,500 |
| Harvest Services Aust Pty Ltd | \$0.011 | 1,360,000 | \$14,960 |
| Media Down Under Pty Ltd<Media Down Under S/F A/C> | \$0.011 | 500,000 | \$5,500 |
| Multipack Pty Ltd | \$0.011 | 2,000,000 | \$22,000 |

Table 1 (Continued)

| | | | |
|--|---------|--------------------|--------------------|
| Mps Staff Super Pty Ltd<MPSSF Investments A/C> | \$0.011 | 2,000,000 | \$22,000 |
| Milray Superannuation Pty Ltd<Milray Super Fund A/C> | \$0.011 | 690,000 | \$7,590 |
| Martin Place Securities Nominees Pty Ltd | \$0.011 | 1,000,000 | \$11,000 |
| Nelson Enterprises Pty Ltd<Cavan Street A/C> | \$0.011 | 2,000,000 | \$22,000 |
| Majors Goroke Pty Ltd<Super Fund A/C> | \$0.011 | 250,000 | \$2,750 |
| Alex Dimou | \$0.011 | 500,000 | \$5,500 |
| Tony Rallis | \$0.011 | 500,000 | \$5,500 |
| Noonameena Enterprises Pty Ltd<PKF Ventures A/C> | \$0.011 | 200,000 | \$2,200 |
| White Lotus Solutions Pty Ltd <White Family Trust A/C> | \$0.011 | 6,363,635 | \$70,000 |
| Shares Allotted on 6 December 2017 | | 210,909,091 | \$2,320,000 |
| Hongze Group Ltd | \$0.011 | 2,727,273 | \$30,000 |
| Shares Allotted on 11 December 2017 | | 2,727,273 | \$30,000 |
| TOTAL SHARES ALLOTTED | | 238,029,614 | \$2,545,146 |

Directors Recommendation

The Directors recommend that Shareholders vote in favour of this resolution.

Resolutions 2 and 3. Approval for the conversion of debts owed to each of Neil Stuart and David Mason (or parties associated with them) through the issue of Shares to Neil Stuart (or his nominee), and the issue of Shares to David Mason (or his nominee) respectively.

Resolution 2 and the Stuart Loan

Resolution 2 seeks the approval of Shareholders for the issue of fully paid ordinary Shares in the Company to Neil Stuart (or his nominee) (the **Stuart Conversion Shares**) by way of satisfaction of up to \$800,000 in loan funds and accrued interest owing to Mr Stuart. Neil Stuart is a non-executive Director of the Company.

By way of a variety of advances in differing amounts made between 10 November 2016 and 5 October 2017, Neil Stuart lent to the Company a total sum of \$738,722 (the **Stuart Loan**). The terms of the Stuart Loan were that:

- the Company would repay the total amount advanced (the **Stuart Principal**) in full, and pay any interest owing on the Stuart Principal, at a time to be agreed between the parties, having regard to the Company's treasury and ongoing funding requirements;
- the Company would accrue interest on the amount of the Stuart Principal outstanding from time to time at 9.5% per annum (the **Stuart Interest**); and
- the Stuart Loan was primarily used for project development and advancement costs in Argentina, corporate costs in Australia and Argentina, creditor payments and the provision of working capital.

The Company and Mr Stuart have agreed that Mr Stuart will accept the issue of the Stuart Conversion Shares in full and final satisfaction of the amount of the Stuart Principal and the Stuart Interest.

If the issue of the Stuart Conversion Shares in satisfaction of the Stuart Principal and Stuart Interest is approved by Shareholders, the Stuart Conversion Shares will have an issue price calculated on the basis of the Company's VWAP for the 60 trading days leading up to the issue of the Shares.

As at the date of this Notice of Meeting, the total amount owing to Mr Stuart, including accrued interest, is \$786,514.

Resolution 3 and the Mason Loan

Resolution 3 seeks the approval of Shareholders for the issue of fully paid ordinary Shares in the Company to David Mason (or his nominee) (the **Mason Conversion Shares**) by way of satisfaction of \$162,845, being the principal amount owing to Mr Mason (the **Mason Principal**). David Mason is an executive Director and CEO of the Company.

By way of a variety of advances in differing amounts made between 19 August 2017 and 26 November 2017, David Mason lent to the Company a total sum of \$162,845 (the **Mason Loan**). The terms of the Mason Loan were that:

- the Company would repay the total amount advanced (the **Mason Principal**) in full, and pay any interest owing on the Mason Principal, at a time to be agreed between the parties, having regard to the Company's treasury and ongoing funding requirements;
- the Company would accrue interest on the amount of the Mason Principal outstanding from time to time at 9.5% per annum (the **Mason Interest**); and
- the Mason Loan was primarily used for project development and advancement costs in Argentina, corporate costs in Australia and Argentina, creditor payments and the provision of working capital.

The Company and Mr Mason have agreed that Mr Mason will be paid the Mason Interest in cash, and will accept the issue of the Mason Conversion Shares in full and final satisfaction of the amount of the Mason Principal.

If the issue of the Mason Conversion Shares is approved by Shareholders, the Mason Conversion Shares will have an issue price calculated on the basis of the Company's VWAP for the 60 trading days leading up to the issue of the Shares.

As at the date of this Notice of Meeting, the total amount owing to Mr Mason, including accrued interest, is \$170,919. However, shareholding approval is only being sought for the issue of Shares to repay the Mason Principal, being \$162,845.

Listing Rule 10.11

Listing Rule 10.11 requires shareholder approval for a company to issue equity securities to a related party.

A "related party" for the purposes of the Listing Rules is defined widely and includes a director of the public company and an entity controlled by a director of the public company.

Approval for the issue of each of (each a **Conversion Share**):

- the Stuart Conversion Shares to Neil Stuart (or his nominee) is sought in accordance with the provisions of Listing Rule 10.11; and
- the Mason Conversion Shares to David Mason (or his nominee) is sought in accordance with the provisions of Listing Rule 10.11.

If approval is given under Listing Rule 10.11 for any of these Conversion Shares, approval will not be required in respect of those Conversion Shares under Listing Rule 7.1.

The Company believes that all information required pursuant to Listing Rule 10.13 is contained in the Notice of Meeting and this Explanatory Memorandum and in particular immediately below:

Information required by Listing Rule 10.13 for each of Resolutions 2 and 3

For the purposes of Listing Rule 10.13, the Company advises as follows in respect of Resolution 2:

- (a) The Stuart Conversion Shares are being issued to Neil Stuart (or his nominee).
- (b) The exact number of Stuart Conversion Shares being issued will be determined in accordance with the following formula:

Number of Stuart Conversion Shares = Stuart Amount Outstanding/ Stuart Conversion Share Issue Price,

where:

- the **Number of Stuart Conversion Shares** is the number of Stuart Conversion Shares to be issued pursuant to Resolution 2;
 - the **Stuart Amount Outstanding** is the amount of the Stuart Principal plus the Stuart Interest outstanding as at the day of issue of the Stuart Conversion Shares; and
 - the **Stuart Conversion Share Issue Price** shall be the VWAP for the 60 **trading days** immediately prior to the date on which the Stuart Conversion Shares are issued.
- (c) If approval is given, the Company intends to issue and allot the Stuart Conversion Shares within one (1) month the date of the Meeting.
 - (d) As noted above, Neil Stuart is a non-executive Director of the Company.
 - (e) The Stuart Conversion Shares will be issued at the Stuart Conversion Share Issue Price as noted in paragraph (b) above, and on the same terms as and rank *pari passu* with, the existing Shares on issue in the capital of the Company. The rights and liabilities of all Shareholders are set out in the Constitution of the Company. The Constitution can be obtained from the Company's website at the following link <https://www.darkhorseresources.com.au/corporate-governance/>. Any Conversion Shares issued will be listed on the ASX (Code: DHR).
 - (f) A Voting Exclusion Statement in relation to this Resolution is set out in the Notice of Meeting.
 - (g) The Stuart Principal was primarily used for project development and advancement costs in Argentina, corporate costs in Australia and Argentina, creditor payments and the provision of working capital.

For the purposes of Listing Rules 10.13, the Company advises as follows in respect of Resolution 3:

- (a) The Mason Conversion Shares are being issued to David Mason (or his nominee).
- (b) The exact number of Mason Conversion Shares being issued will be determined in accordance with the following formula:

Number of Mason Conversion Shares = 162,845/ Mason Conversion Share Issue Price,

where:

- the **Number of Mason Conversion Shares** is the number of Mason Conversion Shares to be issued pursuant to Resolution 3; and
 - the **Mason Conversion Share Issue Price** shall be the VWAP for the 60 **trading days** immediately prior to the date on which the Mason Conversion Shares are issued.
- (c) If approval is given, the Company intends to issue and allot the Mason Conversion Shares within one (1) month the date of the Meeting.
 - (d) As noted above, David Mason is an executive Director of the Company.

- (e) The Mason Conversion Shares will be issued at the Mason Conversion Share Issue Price as noted in paragraph (b) above, and on the same terms as and rank *pari passu* with, the existing Shares on issue in the capital of the Company. The rights and liabilities of all Shareholders are set out in the Constitution of the Company. The Constitution can be obtained from the Company's website at the following link <https://www.darkhorseresources.com.au/corporate-governance/>. Any Conversion Shares issued will be listed on the ASX (Code: DHR).
- (f) A Voting Exclusion Statement in relation to this Resolution is set out in the Notice of Meeting.
- (g) The Mason Principal was primarily used for project development and advancement costs in Argentina, corporate costs in Australia and Argentina, creditor payments and the provision of working capital.

Regulatory Requirements

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless the benefit falls within one of various exceptions to the general prohibition. One of the exceptions includes where the company first obtains the approval of its shareholders in general meeting in circumstances where the requirements of Chapter 2E in relation to the convening of that meeting have been met.

A "related party" for the purposes of the Corporations Act is defined widely and includes a director of the public company. 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. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

If the proposed Resolution 2 is passed it will confer a financial benefit on Neil Stuart. If the proposed Resolution is 3 passed, it will confer a financial benefit on David Mason. Accordingly, the Company seeks Shareholder approval in accordance with the requirements of Chapter 2E of the Corporations Act for both Resolutions. For this reason and for all other purposes, the following information is provided to Shareholders:

(a) The related parties to whom Resolutions 2 and 3 would permit the financial benefit to be given

Mr Neil Stuart (a non-executive Director) and Mr David Mason (a Director and Chief Executive Officer) respectively.

(b) The nature of the financial benefit

The nature of the proposed financial benefit to be given is:

1. the issue and allotment of fully paid ordinary Shares (in full satisfaction of the Stuart Principal and the Stuart Interest) to Mr Neil Stuart, as provided for by Resolution 2; and
2. the issue and allotment of fully paid ordinary Shares (in full satisfaction of the Mason Principal) to Mr David Mason as provided for by Resolution 3.

(c) Directors' recommendation

The Company's Directors (with Mr Stuart and Mr Mason abstaining) recommend that Shareholders vote in favour Resolutions 2 and 3 for the following reasons:

1. The terms of the funding (including the interest rate, lack of security and the lack of a definitive repayment timeframe) and the agreed terms of repayment are arguably more favourable than any third-party source of debt funding likely to have been available to the Company at the time.
2. Both Mr Stuart and Mr Mason are entitled to receive the both principal and interest owing to each of them respectively in cash. However, Mr Stuart and Mr Mason have both elected to receive an issue of Conversion Shares *in lieu* of full repayment in cash of the Stuart Loan, and the Mason Principal, in order to assist the Company in preserving its treasury.
3. The issue of these Conversion Shares will further align Mr Stuart's and Mr Mason's respective personal interests with those of all other Shareholders.
4. The pricing of the Conversion Shares on the basis of a 60 day VWAP aligns with the mechanism for pricing the Performance Rights issued to all eligible participants in the Company's 2017 Entitlement Offer (also being the 60 day VWAP).

(d) Existing interests of Mr Stuart and Mr Mason in the Company

Mr Stuart

Mr Stuart has a material personal interest in the outcome of Resolution 2, as it is proposed that the Stuart Conversion Shares be allotted to him (or his nominee) as set out in Resolution 2.

Mr Stuart (and entities associated with him) currently holds 132,703,755 Shares in the Company. Please refer to the table below which indicates the current holdings of Mr Stuart (and entities associated with him). Mr Stuart also currently holds 4,000,000 existing options in the Company exercisable at 2 cents expiring on 27 November 2019, and 49,531,023 Performance Rights (as a result of his participation in the Company's April 2017 Entitlement Issue) convertible at the 60 day VWAP, if the Share price exceeds 5 cents per Share at any time before 1 July 2020.

Mr Mason

Mr Mason has a material personal interest in the outcome of Resolution 3, as it is proposed that the Mason Conversion Shares be allotted to him (or his nominee) as set out in Resolution 3.

Mr Mason (and entities associated with him) currently holds 76,820,750 Shares in the Company. Please refer to the table below which indicates the current holdings of Mr Mason (and entities associated with him). Mr Mason also currently holds 12,000,000 existing options in the Company exercisable at 2 cents expiring on 27 November 2019, and 13,965,892 Performance Rights (as a result of his participation in the Company's April 2017 Entitlement Issue) convertible at the 60 day VWAP, if the Share price exceeds 5 cents per Share at any time before 1 July 2020.

While it is not possible to be definitive about this matter until the issue price is determined as at the date of the issue of the Conversion Shares, for illustrative purposes only the table below outlines the effect on the Shareholding positions of Mr Stuart, Mr Mason and all other Shareholders in the Company if the Conversion Shares were issued at a price of 2.3 cents per Share. This is the 60 day VWAP calculated as at 26 February 2018, being the final day of the preparation of this Notice of Meeting.

Table 1

| Director (including associated entities) | Current Share Holding ¹ | Current % of Total Share Capital ² | Conversion Shares Issued | Share Capital Post Allotment ³ | % of Total Share Capital Post Allotment |
|--|------------------------------------|---|--------------------------|---|---|
| Mr Stuart | 132,703,755 | 8.29% | 34,196,261 | 166,900,016 | 10.16% |
| Mr Mason | 76,820,750 | 4.80% | 7,080,217 | 83,900,967 | 5.11% |
| All Other Holders | 1,391,894,790 | 86.91% | Nil | 1,391,894,790 | 84.73% |
| Total | 1,601,419,295 | 100.00% | 41,276,478 | 1,642,695,773 | 100.00% |

Notes:

1. This ignores the effect of any exercise of existing options and with no further securities are allotted.
2. This assumes that there are currently 1,601,419,295 Shares on issue.

There is a possibility that the market price of the Shares both at the date of the General Meeting and the date of issue of the Conversion Shares will fluctuate from the market price as at 26 February 2018. If so, then the issue price of the Conversion Shares may also be different to that indicated in the table above for illustrative purposes. This will mean that the Shareholding positions of Mr Stuart, Mr Mason and all other Shareholders in the Company following the issue of the Conversion Shares may also be different to that indicated in the table above.

(e) Valuation

While it is not possible to be definitive about this matter until the issue price has been determined as at the date of the issue of the Stuart Conversion Shares, for illustrative purposes only, if the Stuart Conversion Shares were issued at 2.3 cents per Stuart Conversion Share (equal to the VWAP for the 60 trading days up to 26 February 2018), this would result in an allotment of 34,196,261 fully paid ordinary Shares by the Company to Mr Stuart. The closing value of the Shares was 2.0 cents per Share on 26 February 2018. Accordingly, the issue and allotment of the Stuart Conversion Shares at 2.3 cents each would represent approximately a 15% premium to that closing price. An issue at this illustrative issue price and the allotment of 34,196,261 Stuart Conversion Shares, implies no further value to Mr Stuart.

While it is not possible to be definitive about this matter until the issue price has been determined as at the date of the issue of the Mason Conversion Shares, for illustrative purposes only, if the Mason Conversion Shares were issued at 2.3 cents per Mason Conversion Share (equal to the VWAP for the 60 trading days up to 26 February 2018), this would result in an allotment of 7,080,217 fully paid ordinary Shares by the Company to Mr Mason. The closing value of the Shares was 2.0 cents per Share on 26 February 2018. Accordingly, the issue and allotment of the Mason Conversion Shares at 2.3 cents each would represent approximately a 15% premium to that closing price. An issue at this illustrative issue price and the allotment of 7,080,217 Mason Conversion Shares, implies no further value to Mr Mason.

(f) Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors

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

Impact of market movements on the discount to market price represented by the issue price

There is a possibility that the market price of the Shares between 26 February 2018 and the date of issue of the Conversion Shares, will fluctuate from the market price as at 26 February 2018. If so, then the discount or premium to market price at which the Conversion Shares are issued may also be different to that indicated under paragraph (e) above. If so, then the imputed value to each of Mr Stuart and Mr Mason as a result of the issue of the relevant Conversion Shares may be different to that indicated in paragraph (e) above.

Opportunity costs

An issue of Shares made with the approval of Shareholders pursuant to Listing Rule 10.11, is an exception to the limitation on the right to issue (or agree to issue) equity securities in any 12 month period, imposed on the Company pursuant to Listing Rule 7.1 and Listing Rule 7.1 A.

Pursuant to both Resolution 2 and Resolution 3, the Company is seeking Shareholder approval for the relevant issues pursuant to Listing Rule 10.11. Accordingly, the Company's ability to allot Shares to third-party investors will not be limited by Listing Rule 7.1 and Listing Rule 7.1A if the Resolutions are approved by Shareholders. Accordingly, the Company and the non-interested Directors do not consider that there will be any "opportunity cost" for the allotments proposed by Resolutions 2 and 3.

Trading history of the Shares

As at 26 February 2018, the closing price of Shares on ASX was 2.0 cents.

Set out below is the trading history of the Shares over the past 12 months.

| | Market Price 6 months prior to Notice of Meeting | Market Prices 12 months prior to Notice of Meeting |
|-------------|--|--|
| High | 3.4 cents | 3.4 cents |
| Low | 0.4 cents | 0.3 cents |
| VWAP | 1.9 cents | 1.8 cents |

Taxation consequences

There are no adverse taxation consequences to the Company. Both Mr Stuart and Mr Mason (or their respective nominees) will be subject to Australian taxation as if they had received the cash equivalent of the market value of the Shares at the time of their allotment.

Dilutionary effect

As noted above the dilutionary effect of the proposed allotments covered by Resolutions 2 and 3 is as outlined in the table on page 10.

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 benefits contemplated by Resolutions 2 and 3.

Voting restrictions

There are restrictions on voting on Resolutions 2 and 3 by Mr Stuart and Mr Mason. For additional details please refer to the Voting Exclusion Statement in relation to Resolutions 2 and 3 of the Notice of Meeting.

Shareholders should be aware that any undirected proxies given to the Chairman will be cast by the Chairman and counted in favour of the Resolutions the subject of this Meeting, including Resolutions 2 and 3, subject to compliance with the Corporations Act.

Directors' Recommendation

Messrs Mather and Moller recommend that Shareholders vote in favour of these Resolutions 2 and 3. As each of Mr Stuart and Mr Mason has a material personal interest in the outcome of one of these Resolutions, they have both abstained from making a recommendation in respect of either of these Resolutions.

Resolution 4 Approval for the conversion of debts owed to DGR Global Limited through the issue of Shares to DGR Global Limited

Resolution 4 seeks the approval of Shareholders for the issue of fully paid ordinary Shares in the Company to DGR Global Limited (or its nominee) (the **DGR Conversion Shares**). DGR Global Limited does not control the Company for the purposes of Chapter 2E of the Corporations Act. Accordingly, Shareholder approval will not be required for the issue of the DGR Conversion Shares for the purposes of those provisions.

By way of a variety of advances in differing amounts made between 3 August 2017 and 6 November 2017, DGR Global Limited lent to the Company a total sum of \$34,221 and has accrued and unpaid management fees owing to it through to the date of this Notice of Meeting of \$333,126. This means that currently DGR Global Limited is owed a total of \$367,347 by the Company (the **DGR Loan**) excluding interest. The terms of the **DGR Loan** are that:

- the Company would repay the total amount advanced (the **DGR Principal**) in full, and pay any interest owing on the DGR Principal at a time to be agreed between the parties, having regard to the Company's treasury and ongoing funding requirements;
- the Company would pay interest on the amount of the DGR Principal outstanding from time to time at 9.5% per annum (the **DGR Interest**); and
- the amounts advanced to the Company by DGR Global were primarily used for project development and advancement costs in Argentina, corporate costs in Australia and Argentina, creditor payments and the provision of working capital.

The Company and DGR Global Limited have agreed that DGR Global Limited will accept the issue of the DGR Conversion Shares in full and final satisfaction of the amount of the DGR Principal and the DGR Interest.

If the issue of the DGR Conversion Shares is approved by Shareholders, the DGR Conversion Shares will have an issue price calculated on the basis of the VWAP for the 60 trading days leading up to the issue of the Shares. On the basis of the amount owed to DGR as at the date of this Notice of Meeting (\$368,441 including interest) and on the basis of the 60 day VWAP being 2.3 cents per share, DGR Global would be issued 16,019,174 Shares in full satisfaction of the DGR Loan.

Listing Rules 7.1 and 10.11

Listing Rule 10.11 requires shareholder approval for a company to issue equity securities to a related party, or a person whose relationship with the entity is such that in ASX's opinion, shareholder approval should be obtained.

A "related party" for the purposes of the Listing Rules is defined widely and includes an entity controlled by a director of the public company.

As noted above DGR Global Limited does not control the Company for the purposes of the Corporations Act. However, for the purpose of the ASX Listing Rules the issue of Shares to DGR Global Limited may require approval under Listing Rule 10.11. While DGR Global Limited does not control the Company for the purposes of Chapter 2E of the Corporations Act, the Company notes that DGR Global Limited is a substantial Shareholder in the Company (currently holding 19.44% of the ordinary fully paid Shares of the Company) and has two (2) nominee Directors on the Board, being Messrs Mather and Moller.

Accordingly, Shareholder approval for the issue of the DGR Conversion Shares is sought in accordance with the provisions of Listing Rule 10.11.

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders (the **7.1 Capacity**). If approval is required and given under Listing Rule 10.11, approval will not be required under Listing Rule 7.1. By obtaining approval under Listing Rule 10.11, the Company will be able to issue the DGR Conversion Shares while preserving its 7.1 Capacity.

Takeover Provisions

Subject to certain exceptions, section 606 of the Corporations Act prohibits a person from acquiring a relevant interest in the issued voting shares of a listed company where as a result, that person's voting power in the company increases:

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

Where the issue of the DGR Conversion shares would result in DGR Global Limited breaching section 606 of the Corporations Act (**Breaching section 606**), the Directors will have the discretion to limit the number of DGR Conversion Shares to be issued, to that number which will not result in DGR Global Ltd Breaching section 606.

Information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13 the Company advises as follows:

- (a) The DGR Conversion Shares are being issued to DGR Global Ltd.
- (b) The exact number of DGR Conversion Shares being issued will be determined in accordance with the following formula:

Number of DGR Conversion Shares = DGR Amount Outstanding/ DGR Conversion Share Issue Price,

where:

- the **Number of DGR Conversion Shares** is the number of DGR Conversion Shares to be issued pursuant to Resolution 4;
 - the **DGR Amount Outstanding** is the amount of the DGR Principal plus the DGR Interest outstanding as at the day of issue of the DGR Conversion Shares; and
 - the **DGR Share Issue Price** shall be the VWAP for the **60 trading days** immediately prior to the date on which the DGR Conversion Shares are issued.
- (c) If approval is given, the Company intends to issue and allot the DGR Conversion Shares within one (1) month the date of the Meeting.
 - (d) As noted above, DGR Global is a substantial Shareholder in the Company (currently holding 19.44% of the ordinary fully paid Shares of the Company), and has two (2) nominee Directors on the Board, being Messrs Mather and Moller.
 - (e) The DGR Conversion Shares will be issued at the DGR Conversion Share Issue Price as noted in paragraph (b) above, and on the same terms as and rank *pari passu* with, the existing Shares on issue in the capital of the Company. The rights and liabilities of Shareholders are set out in the Constitution of the Company. The Constitution can be obtained from the Company's website at the following link <https://www.darkhorseresources.com.au/corporate-governance/>. Any Conversion Shares issued will be listed on the ASX (Code: DHR).
 - (f) A Voting Exclusion Statement in relation to this Resolution is set out in the Notice of Meeting.

- (g) The DGR Principal was primarily used for project development and advancement costs in Argentina, corporate costs in Australia and Argentina, creditor payments and the provision of working capital.

The Company believes that all information required pursuant to Listing Rule 10.13 is contained in the Notice of Meeting and this Explanatory Memorandum.

Directors' Recommendation

Messrs Stuart and Mason recommend that Shareholders vote in favour of this resolution. As Messrs Mather and Moller are directors of DGR Global Limited they have abstained from making a recommendation.

Dilutionary Effect of issues pursuant to Resolutions 2, 3 or 4

While it is not possible to be definitive about this matter until the issue price has been determined as at the date of the issue of the Conversion Shares, for illustrative purposes only the table below outlines the possible dilutionary effect of the issue of the Conversion Shares pursuant to each of Resolutions 2, 3 or 4, assuming that the Conversion Shares are issued at a price of 2.3 cents per Share:

| | Total number of Shares on issue post Meeting date | Percentage dealt with in Resolution(s) | Percentage owned by all other holders |
|---|---|--|---------------------------------------|
| Number of Shares on issue if none of Resolutions 2, 3 or 4 are passed | 1,601,419,295 | 0% | 100% |
| Number of Shares on issue if only Resolution 2 is passed | 1,635,615,556 | 2.1% | 97.9% |
| Number of Shares on issue if only Resolution 3 is passed | 1,608,499,512 | 0.4% | 99.6% |
| Number of Shares on issue if only Resolution 4 is passed | 1,617,438,469 | 1.0% | 99.0% |
| Number of Shares on issue if all of Resolutions 2, 3 or 4 are passed | 1,658,714,947 | 3.5% | 96.5% |

There is a possibility that the market price of the Shares between 26 February 2018 and the date of issue of the Conversion Shares, will fluctuate from the market price as at 26 February 2018. If so, then the issue price of the Conversion Shares may not be 2.3 cents per Share. In these circumstances, the dilutionary effect of the issue of the Conversion Shares pursuant to each of Resolutions 2, 3 or 4, may also be different to the dilutionary effect set out in the table above.

Interpretation

ASX means the ASX Limited ACN 008 624 691;

Board means the board of directors of the Company;

Company means Dark Horse Resources Ltd ACN 068 958 752;

Corporations Act means the Corporations Act 2001 (Cth) as amended, varied or replaced from time to time;

Director means a director of the Company;

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Meeting;

Issue Price the price per security the Placement Securities may be issued;

Meeting or Extraordinary General Meeting means the extraordinary general meeting to be held on 6 April 2018;

Notice of Meeting means this Notice of Meeting convening the Meeting and the Explanatory Memorandum;

Ordinary Resolution means a Resolution passed by more than 50% of the votes cast at a general meeting of shareholders;

Resolution means a resolution proposed at the Meeting;

Share means an ordinary fully paid share in the issued capital of the Company;

Shareholder means a holder of Shares in the Company;

trading days has the meaning given to it in Chapter 19 of the Listing Rules; and

VWAP means volume weighted average price of the Shares traded on the ASX over a stated number of trading days.

ENQUIRIES

Any enquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Karl Schlobohm (Company Secretary), at Level 27, 111 Eagle Street Brisbane QLD 4000, or on (07) 3303-0620.

Notes

Entitlement to Vote

The Board has determined, in accordance with the Corporations Regulations 2001 that for the purposes of determining those Shareholders entitled to attend and vote at the General Meeting of the Company, shall be those persons recorded in the register of Shareholders as at 5 April 2018. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

How to Vote

You may vote by attending the General Meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the General Meeting on the date and at the place set out above.

Voting by Proxy

A Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to vote on their behalf. Where a Shareholder is entitled to cast two or more votes, they may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company. Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under Section 250D of the Corporations Act 2001 (Cth).

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

Signing instructions

You must sign the proxy 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 security holder may sign.
- Power of Attorney:** To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document, 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.

To vote by proxy, the proxy form provided with this notice (and the original or a certified copy of any power of attorney under which it is signed) must be received by the Company not less than forty eight (48) hours before the scheduled time for the meeting. Any proxy form received after that time will not be valid for the scheduled meeting.

Completed proxies can be returned to the Company Secretary by either mail to GPO Box 5261, Brisbane, Qld 4001; or facsimile to (07) 3303-0681, or scanned and emailed to kschlobohm@darkhorsesources.com.au

How to Complete this Proxy Form

1 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.

2 Appointment of a Proxy

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

3 Votes on Items of Business

You should 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.

4 Exercise of undirected proxies by the Chairman

The Chairperson of the Meeting intends to vote undirected proxies in favour of all items of business. If you do not wish to authorise the Chairperson to vote your proxy in this way, you should direct your proxy in accordance with the instructions in this proxy form.

5 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 or you may copy this form.

To appoint a second proxy you must:

- (a) 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
- (b) return both forms together.

6 Signing Instructions

You must sign this form as follows in the spaces provided:

| | |
|--------------------|--|
| Individual: | where the holding is in one name, the holder must sign. |
| Joint Holding: | where the holding is in more than one name, all security holders should sign. |
| Power of Attorney: | To sign under Power of Attorney, you must have already lodged 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. |

7 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below by 11.00am on 4 April 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 via the mail as follows:

Dark Horse Resources Ltd
GPO Box 5261
Brisbane QLD 4001

or facsimile to (07) 3303-0681 or scanned and emailed to kschlobohm@darkhorseresources.com.au

STEP 1: APPOINTMENT OF PROXY

| | |
|-------------|---|
| <u>Name</u> | No. of Shares |
| | <div style="border: 1px solid black; width: 100%; height: 20px;"></div> |

I/We being Shareholder(s) of Dark Horse Resources Limited (the **Company**) hereby appoint as my proxy for the General Meeting of the Company to be held at 11.00am (Brisbane time) on 6 April 2018 and any adjournment thereof:

the Chairman of the Meeting OR
(mark with an "X")

Write here the name of the person you are appointing if this person is someone **other than** the Chairman of the Meeting

IMPORTANT NOTE

The Chairman of the Meeting intends to vote undirected proxies in favour of each resolution.

If the Chairman of the Meeting is your proxy (or may be appointed your proxy by default), and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box.

By marking this box you acknowledge that the Chairman of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution/s and that votes cast by the Chairman of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolutions.

The Chairman of the meeting intends to vote all undirected proxies in favour of the resolutions to be put to the meeting. In exceptional circumstances the Chairman of the meeting may change his / her voting intention for any resolution, in which case an ASX announcement will be made.

If no directions are given, the Proxy may vote as the Proxy thinks fit or may abstain, subject to compliance with the Corporations Act. By signing this appointment, you acknowledge that the Proxy (whether voting in accordance with your directions or voting in their discretion under an undirected Proxy) may exercise your proxy even if he/s he has an interest in the outcome of the resolution and even if votes cast by him/her other than as proxy holder will be disregarded because of that interest, subject to compliance with the Corporations Act. If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is%. (An additional proxy form will be supplied by the Company on request). If you wish to appoint the proxy to exercise voting power over only some of your Shares, the number of Shares in respect of which this proxy is to operate is Shares (Note: proxy will be over all Shares if left blank).

STEP 2: VOTING DIRECTIONS

I/we direct my/our proxy to vote as indicated below:

| Resolution | For | Against | Abstain |
|--|--------------------------|--------------------------|--------------------------|
| 1. Ratification of 238,029,614 Previously Issued Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Approval for the conversion of debt owed to Neil Francis Stuart through the issue of Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Approval for the conversion of debt owed to David Joseph Mason through the issue of Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Approval for the conversion of debt owed to DGR Global Limited through the issue of Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Individual or Security holder 1

Sole Director and Secretary

Security holder 2

Director

Security holder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date