

**AUSTAR GOLD LIMITED**

**ACN 107 180 441**

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**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**EXPLANATORY MEMORANDUM**

**PROXY FORM**

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**Date of Meeting**

Monday, 13 January 2020

**Time of Meeting**

11.00 am (Australian Eastern Standard time)

**Place of Meeting**

**Maddocks,**

**Tower 2, Level**

**25, 727 Collins**

**Street**

**Melbourne**

This Notice of Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

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## NOTICE OF GENERAL MEETING

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Notice is hereby given that a General Meeting (**Meeting**) of the Shareholders of AuStar Gold Limited ACN 107 180 441 (**Company**) will be held on Monday, 13 January 2020, commencing at 11.00 am (Australian Eastern Standard time) at the offices of Maddocks, Lawyers, Tower 2, Level 25, 727 Collins Street, Melbourne, Victoria. Registration will commence immediately prior to the Meeting.

This Notice of Meeting incorporates, and should be read together with, the Explanatory Memorandum and Proxy Form. Shareholders are specifically referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used in both this Notice of Meeting and the Explanatory Memorandum.

### **Resolutions Interdependent:**

Resolutions 1 – 5, inclusive and Resolutions 8 and 9 are interdependent with the result that each of these Resolutions must be passed by the requisite majorities in order for the Placement and the Avior and Gandel Subscriptions to be completed and to enable the Company to satisfy the Company's obligations under the DOCA.

### **ORDINARY BUSINESS**

#### **Resolutions**

#### **1. Approval to issue Shares and Options to Amery Partners Pty Ltd**

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary Resolution:

*"Subject to the passing of Resolutions 1 to 5, inclusive, and Resolutions 8 and 9, that for the purpose of Listing Rule 10.11 and for all other purposes, shareholder approval is given to the issue of 166,667 Shares and 55,556 New Options to Amery Partners Pty Ltd, on the terms and conditions as set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast (in any capacity) in favour of Resolution 1 by or on behalf of any of the following persons:

- (a) Amery Partners Pty Ltd, Mr Philip Amery and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (c) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (d) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 2. Approval to issue Shares and Options to McNally Clan Super

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary Resolution:

*“Subject to the passing of Resolutions 1 to 5, inclusive, and Resolutions 8 and 9, that for the purpose of Listing Rule 10.11 and for all other purposes, shareholder approval is given to the issue of 883,333 Shares and 294,444 New Options to McNally Clan Super, on the terms and conditions as set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast (in any capacity) in favour of Resolution 2 by or on behalf of any of the following persons:

- (a) McNally Clan Super, Mr Paul McNally and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (c) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (d) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides: or
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 3. Approval to issue Shares and Options to M&C Gill SMSF

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary Resolution:

*“Subject to the passing of Resolutions 1 to 5, inclusive, and Resolutions 8 and 9, that for the purpose of Listing Rule 10.11 and for all other purposes, shareholder approval is given to the issue of 30,000 Shares and 10,000 New Options to M&C Gill SMSF, on the terms and conditions as set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast (in any capacity) in favour of Resolution 3 by or on behalf of any of the following persons:

- (a) M&C Gill SMSF, Mr Matthew Gill and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (c) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (d) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides: or
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not

- excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
- (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### 4. Ratification of prior agreement to issue Placement Shares

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary Resolution:

*“Subject to the passing of Resolutions 1 to 5, inclusive, and Resolutions 8 and 9, that for the purpose of Listing Rule 7.4 and for all other purposes, shareholder approval is given to the prior agreement to issue 7,253,334 Placement Shares to sophisticated and institutional investors under the Placement announced to ASX on 5 December 2019 on the basis set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast (in any capacity) in favour of Resolution 4 by or on behalf of any of the following persons:

- (a) a person who is expected to participate in the issue of the securities; or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (c) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (d) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### 5. Approval to issue Placement Options

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary Resolution:

*“Subject to the passing of Resolutions 1 to 5, inclusive, and Resolutions 8 and 9, that for the purpose of Listing Rule 7.1 and for all other purposes, shareholder approval is given to the issue of 2,417,778 Placement Options to sophisticated and institutional investors under the Placement announced to ASX on 5 December 2019 on the basis set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast (in any capacity) in favour of Resolution 5 by or on behalf of any of the following persons:

- (f) a person who is expected to participate in, or who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- (g) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (h) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (i) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in

- accordance with a direction given to the chair to vote on the resolution as the chair decides: or
- (j) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
- (iii) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (iv) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 6. Approval to issue underwriter Options

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary Resolution:

*"That for the purpose of Listing Rule 7.1 and for all other purposes, shareholder approval is given to the proposed issue of up to 1,111,111 New Options to the underwriter of the Offer or its nominee on the basis set out in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast (in any capacity) in favour of Resolution 6 by or on behalf of any of the following persons:

- (a) Claymore Capital Pty Ltd, and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (c) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (d) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides: or
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 7. Approval to issue Shares and Options to Avior Consulting

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary Resolution:

*"Subject to the passing of Resolutions 1 to 5, inclusive, and Resolutions 8 and 9, for the purpose of Listing Rule 7.1 and for all other purposes, shareholder approval is given to the proposed issue of 1,333,334 Shares and 444,445 New Options to Avior Consulting or its nominee on the basis set out in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast (in any capacity) in favour of Resolution 7 by or on behalf of any of the following persons:

- (a) Avior Consulting, and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (c) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (d) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **8. Approval to issue Shares and Options to Gandel Metals**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary Resolution:

*"Subject to the passing of Resolutions 1 to 5, inclusive, and Resolutions 8 and 9, for the purpose of Listing Rule 7.1 and for all other purposes, shareholder approval is given to the proposed issue of up to 1,666,667 Shares and 555,556 New Options to Gandel Metals or its nominee on the basis set out in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast (in any capacity) in favour of Resolution 8 by or on behalf of any of the following persons:

- (a) Gandel Metals, and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (c) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (d) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **9. Approval to issue Additional Consideration Shares to Centennial Vendors**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary Resolution:

*"Subject to the passing of Resolutions 1 to 5, inclusive, and Resolutions 8 and 9, for the purposes of Listing Rule 7.1, and for all other purposes, that approval is given for the issue of up to 253,908 Shares to the Centennial Vendors, or their nominees, on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast (in any capacity) in favour of Resolution 9 by or on behalf of any of the following persons:

- (a) any of the Centennial Vendors, or any other person who will obtain a material benefit as a result of, the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (c) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (d) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides: or
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **SPECIAL BUSINESS**

### **10. Amendment to the Constitution**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*“That, for the purposes of section 136(2) of the Corporations Act, clause 2.11 of the Constitution of the Company be modified to conform with Listing Rule 15.12 by making the amendment set out in the Explanatory Memorandum, with effect from the date of the Meeting.”*

## ATTENDANCE AND VOTING AT THE MEETING

### Voting entitlement

In accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that Shareholders who are on the Company's share register at 11.00 am (Australian Eastern Daylight Savings time) on Saturday, 11 January 2020 shall, for the purposes of the Meeting, be entitled to attend and vote at the Meeting.

If you are not the registered holder of a relevant Share at that time, you will not be entitled to vote at the Meeting.

### Voting at the Meeting

Ordinary resolutions require the support of more than 50% of the votes cast. Special resolutions require the support of at least 75% of the votes cast. Resolution 10 is a special resolution; all other resolutions are ordinary resolutions.

The passing of each Resolution arising at this Meeting will be decided by a poll.

Upon a poll, every person who is present in person or by proxy, corporate representative or attorney, will have one vote for each Share held by that person.

### Voting by proxy

A Shareholder who is entitled to attend and vote at this Meeting may appoint a proxy to attend and vote on the Shareholder's behalf. A proxy need not be a Shareholder. If the Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint two proxies and may specify the proportion or number of votes that each proxy is appointed to exercise.

To record a valid proxy vote, a Shareholder will need to complete and lodge the Proxy Form with Security Transfer Registry Services in accordance with the instructions set out in the proxy form.

A Proxy Form accompanies this Notice. To be valid, the Proxy Form must be received no later than 11.00am (Australian Eastern Daylight Savings time) on Saturday, 11 January 2020 being 48 hours prior to the commencement of the Meeting.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on each of the Resolutions by marking either **For**, **Against** or **Abstain** on the voting form for each item of business.

Pursuant to section 250BB of the Corporations Act, an appointment of a proxy may specify the way the proxy is to vote on a particular Resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the Resolution, the proxy must not vote on a show of hands;
- (c) if the proxy is the Chair of the meeting at which the Resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the Chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Under section 250BC of the Corporations Act, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular Resolution at a meeting of a company's members;
- (b) the appointed proxy is not the Chair of the meeting;
- (c) at the meeting, a poll is duly demanded on the Resolution; and
- (d) either of the following applies:
  - (i) the proxy is not recorded as attending the meeting;



(ii) the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the Resolution at the meeting.

#### **Undirected proxies**

Please note that if the Chair of the Meeting is appointed as your proxy (or becomes your proxy by default), you can direct the Chair to vote for or against or abstain from voting on any of Resolutions by marking the appropriate box on the Proxy Form.

The Chair intends to vote undirected proxies in favour of each item of business.

#### **Voting by corporate representative**

A Shareholder or proxy that is a corporation and entitled to attend and vote at the Meeting may appoint an individual to act as its corporate representative.

Evidence of the appointment of a corporate representative must be in accordance with section 250D of the Corporations Act and be lodged with the Company before the Meeting or at the registration desk on the day of the Meeting.

#### **Voting by attorney**

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint an attorney to attend and vote at the Meeting on the Shareholder's behalf.

An attorney need not be a holder of Shares.

An instrument conferring the power of attorney or a certified copy of the authority must be produced to the Company at least 24 hours prior to the commencement of the Meeting.

DATED 13 December 2019

**BY ORDER OF THE BOARD  
AUSTAR GOLD LIMITED**

A handwritten signature in blue ink, appearing to read 'Frank Terranova', with a long horizontal line extending to the right.

**FRANK TERRANOVA  
CHAIRMAN**

## EXPLANATORY MEMORANDUM

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### IMPORTANT NOTICE

This Explanatory Memorandum forms part of the Notice convening the Extraordinary General Meeting of Shareholders of AuStar Gold Limited to be held on 13 January 2020 at 11.00 am (Australian Eastern Daylight time). This Explanatory Memorandum is to assist Shareholders in understanding the background to, and the legal and other implications of, the Notice and the reasons for the Resolutions proposed. Both documents should be read in their entirety and in conjunction with each other.

Other than the information set out in this Explanatory Memorandum, the Directors believe that there is no other information that could reasonably be required by Shareholders to consider the Resolutions.

If you are in doubt about what to do in relation to the Resolutions, you should consult your financial or other professional adviser.

### PART A - BACKGROUND TO THE RESOLUTIONS

#### Capital Raising

On 5 December 2019, the Company announced that it had entered into agreements with sophisticated and institutional investors for a Placement (**Placement**) of 8,333,333 shares (**Placement Shares**) and 2,777,777 options exercisable at \$0.60 and expiring 30 June 2022 (**Placement Options**) to raise \$2,500,000. The terms of the Placement require payment of funds for the Placement on or before 9 January 2020, with allotment of Placement Shares and Placement Options to occur on 14 January 2020.

The Placement is the first stage of a capital raising for up to \$7,500,000<sup>1</sup> (**Capital Raising**), with the second stage being the 1 for 2 pro-rata non-renounceable rights issue to eligible shareholders to raise up to \$5,085,545 (**Offer**) together with 1 free attaching option for every 3 shares subscribed for, exercisable at \$0.60 and expiring 30 June 2022 (**New Options**), as set out in the Prospectus for the Offer lodged with ASX on 12 December 2019, a copy of which is available on the Company's website: <https://www.austargold.com>.

The Company intends to seek Official Quotation of the Placement Options and the New Options, however, Official Quotation of the New Options will be subject to meeting the requirements for quotation of additional securities under Listing Rule 2.5.

The Offer is partially underwritten to an amount of \$1,000,000 (the **Partially Underwritten Amount**) by Claymore Capital Pty Ltd, the nominee of Evolution Equities Pty Ltd (the **Underwriter**). The terms of the Partial Underwriting are set out in an Underwriting Agreement which includes the following terms:

- (a) Subject to certain conditions precedent including ASX not having indicated that it will not grant permission for Official Quotation of the Offer Shares on or before the Offer settlement date, if funds raised from valid acceptances from eligible Shareholders under the Offer at the Offer Closing Date are less than the Partially Underwritten Amount the Underwriter will underwrite and procure subscriptions for Shares up to the Partially Underwritten Amount on the terms and conditions of the Underwriting Agreement.
- (b) The Underwriter is entitled to a management fee of \$50,000 plus GST and an underwriting fee of \$50,000. In addition, the Company has offered to the Underwriter or its nominee 1 New Option for every 3 Shares issued to the Underwriter taking up the Partially Underwritten Amount. On this basis the maximum New Options that may be issued to the Underwriter, assuming no acceptances are received under the Offer and the Underwriter (or its nominee) subscribes for Shares for the full Partially Underwritten Amount is 1,111,111 Options (**Underwriter Options**). The Company has also agreed that Evolution Equities will have a right of first refusal to place shares if there is a shortfall placement following completion of the Offer, for which it will be paid 6% plus GST for any funds raised.

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<sup>1</sup> This figure excludes the Subscription Amount of \$900,000, which may be in addition to the \$7.5M in the event there is no Offer shortfall and Gandel Metals exercises its discretion to contribute by way of a special purpose placement following completion of the Offer

- (c) Costs and expenses incurred by the Underwriter in relation to the Offer are payable by the Company.
- (d) The Underwriter may terminate the Underwriting Agreement, and be relieved of its obligations under the Underwriting Agreement, in certain circumstances, including, in the event of default by the Company, breach of relevant laws, withdrawal of the Offer, quotation of Shares not being granted, the Company being insolvent, failure to issue the Underwriter Options, a new circumstance arising that would have been required to be disclosed in the Prospectus, any representation or warranty being incorrect, any disclosures made by the Company being misleading or deceptive, a material adverse change, or an event occurs which is likely to give rise to a material adverse change, in the financial position, results, operations or prospects of Austar Gold and other circumstances usual in agreements of this nature.
- (e) Other terms and conditions which are considered usual for underwriting agreements of this nature.

In relation to the Placement and the Offer, Avior Consulting and Gandel Metals (or their respective nominees) have provided their commitment to subscribe for Shares in the Company up to \$900,000 (**Subscription Amount**) on the terms set out below.

On completion of the Placement, the Offer (subject to completion of the Partial Underwriting), and the Avior and Gandel Subscriptions, the Company will have raised a minimum of \$4,400,000, satisfying one of the remaining conditions precedent to the acquisition of Centennial Mining Limited (**Centennial**) under the Deed of Company Arrangement issued to the creditors of Centennial as amended and dated 20 November 2019 (**DOCA**).

\$2,400,000 of the funds raised from the Placement and the Offer will be contributed to the completion of the DOCA, with the balance of funds to be used for: (a) capital development at the A1 mine including a two-level decline development; (b) capital improvements at both the Maldon and Morning Star processing plants; (c) in-mine resource drilling; (d) regional exploration; (e) working capital and transaction costs, and (f) potential further growth initiatives.

Participants in the Placement include related parties of three Directors as set out in Resolutions 1, 2 and 3 and the issue of a total of 1,080,000 Placement Shares and 360,000 Placement Options to them is subject to shareholder approval under Listing Rule 10.11. The participation of these Directors in the Placement is otherwise on the same terms as for all other participants in the Placement.

Set out in Schedule 4 to this Explanatory Memorandum are details of the relevant interests of the Directors referred to in Resolutions 1, 2 and 3 in securities of the Company as at the date of the Prospectus and the expected relevant interests of these Directors if all Resolutions are approved and the Placement, Offer and Subscription are completed.

Shareholder approval is being sought in Resolution 4 to the prior agreement to issue the balance of the Placement Shares (after deducting the Placement Shares to be issued to Related Parties) under Listing Rule 7.4.

Shareholder approval is being sought in Resolution 5 to the issue of the balance of the Placement Options (after deducting the Placement Options to be issued to Related Parties) under Listing Rule 7.1.

Resolution 6 seeks Shareholder approval to the issue of the Underwriter Options under Listing Rule 7.1.

In relation to Resolutions 7 and 8, Avior Consulting (the proponent under the DOCA) or its nominee has committed to subscribe for Shares in the Company in the amount of \$400,000 by way of a placement from the Offer shortfall, if any, or by way of a special purpose placement following completion of the Offer if the Offer Shortfall is insufficient (**Avior Subscription**).

Gandel Metals (a creditor under the DOCA) or its nominee has committed to subscribe for Shares in the Company up to the amount of \$500,000, by way of a placement from the Offer shortfall, if any, of the amount required for the total of the Capital Raising (including the amount of the Avior Subscription) to be a minimum of \$4.4 million, or at the discretion of Gandel Metals, in excess of the \$4.4 million, by way of a special purpose placement following completion of the Offer, if the Offer Shortfall is insufficient (**Gandel Subscription**).

In addition, Avior Consulting and Gandel Metals (or their respective nominees) will receive 1 free attaching option for every 3 shares subscribed for under the Avior Subscription and the Gandel Subscription, respectively, exercisable at \$0.60 and expiring 30 June 2022 (**Subscription Options**).

The Avior Subscription and the Gandel Subscription (if required) will take place following completion of the Placement and the Offer.

In the event that:

- (a) in the case of the Avior Subscription, there is no Offer Shortfall or the Offer Shortfall is insufficient for the Avior Subscription; and
- (b) in the case of the Gandel Subscription:
  - (i) the total funds raised from the Placement, the Offer and the Avior Subscription exceeds a minimum of \$4.4 million,
  - (ii) there is no capacity for the Gandel Subscription under the Offer shortfall, and
  - (iii) Gandel Metals exercises its discretion to contribute \$500,000 by way of a special purpose placement following completion of the Offer,

the Avior Subscription and the Gandel Subscription will be completed by way of a special purpose placement following completion of the Offer.

Resolutions 7 and 8 seek Shareholder approval to this special purpose placement and to the issue of the Subscription Options under Listing Rule 7.1.

## **Merger**

Resolution 9 seeks Shareholder approval to the issue of 253,908 additional Consideration Shares (**Additional Consideration Shares**) to the Centennial Vendors or their nominees on completion under the DOCA.

On 3 September 2019, the Company announced that it had reached agreement to acquire via merger, 100% of Centennial, owner of the A1 Gold Mine near Woods Point and the Maldon CIL processing plant near Bendigo, Victoria, via implementation of the DOCA.

As set out in the Notice of the Annual General Meeting of the Company dated 28 October 2019, the Company had undertaken to pay the following consideration to acquire a 100% ownership interest in Centennial:

- (i) A \$2.4 million cash contribution to the DOCA, closing the Centennial administration; and
- (ii) Immediately prior to the completion of the DOCA, Centennial and the Company will enter into a merger transaction by way of transfer of shares in Centennial to the Company under section 444GA of the Corporations Act whereby Centennial shareholders (excluding the Company) (**Centennial Vendors**) will receive a pro rata allocation of 24,982,946 shares in the Company (**Consideration Shares**).

At the Company's Annual General Meeting held on 29 November 2019, Shareholder's approved, including for the purpose of Listing Rule 7.1, the issue of the Consideration Shares to the Centennial Vendors as part of the consideration to acquire a 100% ownership interest in Centennial under the DOCA.

Following dispatch of the Notice of the Annual General Meeting, the DOCA was amended in a number of respects, including requiring the Additional Consideration Shares to be issued to the Centennial Vendors.

The total Consideration Shares to be transferred to the Centennial Vendors following this amendment is now 25,236,854 Shares (being the 24,982,946 Consideration Shares approved at the Annual General Meeting plus the 253,908 Additional Consideration Shares which are the subject of Resolution 9). Resolution 9 seeks Shareholder approval to the issue of the Additional Consideration Shares.

The conditions precedent under the DOCA are set out in Schedule 3 to this Explanatory Memorandum.

The date for the Company's satisfaction of the conditions precedent under the DOCA has been extended to 24 January 2020 subject to the Company entering into the Underwriting Agreement.

It should be noted that not all of the conditions precedent or the formalities of closure of the DOCA are within the control of the Company and there is a risk that third parties or creditors may seek to terminate the DOCA before it is completed and, accordingly, the Company cannot guarantee transaction completion.

The table attached in Schedule 2 to this Explanatory Memorandum sets out the potential dilutionary impact of Resolutions 1 – 9, inclusive, on the Share capital of the Company, assuming all of these Resolutions are approved by Shareholders.

Resolutions 1 – 5, inclusive, and Resolutions 8 and 9, are interdependent with the result that each of these Resolutions must be passed by the requisite majorities in order for completion of the Placement and the Avior and Gandel Subscriptions and satisfaction of the Company's obligations under the DOCA.

The DOCA requires that some of the Consideration Shares to be issued to some of the Centennial Vendors will be escrowed for 12 months following their issue. Shareholder approval is being sought in Resolution 10 to amend the Constitution of the company to conform with the new Listing Rule requirements that apply to Restricted Shares from 1 December 2019.

## **PART B - DETAILS OF THE RESOLUTIONS**

### ***ORDINARY BUSINESS***

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#### **1. Resolution 1 – Approval to issue Placement Shares and Placement Options to Amery Partners Pty Ltd**

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##### **1.1 Background**

Resolution 1 seeks shareholder approval for the purpose of Listing Rule 10.11 and all other purposes for the issue of 166,667 Placement Shares and 55,556 Placement Options to Amery Partners Pty Ltd, a related party of Mr Philip Amery, a director of the Company.

The relevant interest of Mr Amery in securities of the Company prior to the Placement and his expected relevant interest following completion of the Placement, Offer and Subscription is set out in Schedule 4 to this Explanatory Memorandum.

##### **1.2 Listing Rule Requirements**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue under Resolution 1 falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

If Resolution 1 is passed, and assuming each of Resolutions 2 – 5, inclusive, and Resolutions 8 and 9, are passed the Company will be able to complete the Placement.

If Resolution 1 is not passed then, as Resolutions 1 – 5, inclusive, and Resolutions 8 and 9, are interdependent,

the Company will be unable to complete the Placement, the Avior and Gandel Subscriptions and will be unable to satisfy the Company's obligations under the DOCA.

Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under Listing Rule 10.11.

For the purposes of Listing Rule 10.13, the following information is provided in relation to Resolution 1:

- (i) The securities will be issued to Amery Partners Pty Ltd
- (ii) Amery Partners Pty Ltd is a related party of Mr Philip Amery, a director of the Company and a related party of the Company under Listing Rule 10.11.1
- (iii) 166,667 Placement Shares being fully paid ordinary shares in the Company and 55,556 Placement Options, being options to subscribe for fully paid ordinary shares in the Company, are to be issued
- (iv) The material terms of the Placement Options are as set out in Schedule 1 to this Explanatory Memorandum
- (v) The securities are expected to be issued on 14 January 2020 and will be issued not later than one month after the date of the Meeting
- (vi) The Placement Shares will be issued at an issue price of \$0.30 per Share and the total amount raised upon issue of the Placement Shares to Amery Partners Pty Ltd will be \$50,000. There is no consideration for the Placement Options
- (vii) The purpose of the Placement is to raise funds to be used to contribute \$2.4M to the closure of the DOCA, with the balance of funds to be used to for: (a) capital development at the A1 mine including a two-level decline development; (b) capital improvements at both the Maldon and Morning Star processing plants; (c) in-mine resource drilling; (d) regional exploration; (e) working capital and transaction costs, and (f) potential further growth initiatives
- (viii) The issue is not intended to remunerate or incentivise the director
- (ix) A voting exclusion statement is included in the Notice of Meeting of which this Explanatory Memorandum forms part.

### **1.3 Board Recommendation**

The Board unanimously recommends that Shareholders vote **FOR** Resolution 1.

The Chair intends to vote undirected proxies in favour of Resolution 1.

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## **2. Resolution 2 - Approval to issue Placement Shares and Placement Options to McNally Clan Super**

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### **2.1 Background**

Resolution 2 seeks shareholder approval for the purpose of Listing Rule 10.11 and all other purposes for the issue of 883,333 Placement Shares and 294,444 Placement Options to McNally Clan Super, an associate of Mr Paul McNally, a director and substantial shareholder of the Company.

The relevant interest of Mr McNally in securities of the Company prior to the Placement and his expected relevant interest following completion of the Placement, Offer and Subscription is set out in Schedule 4 to this Explanatory Memorandum.

## 2.2 Listing Rule Requirements

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue under Resolution 2 falls within Listing Rule 10.11.3 and 10.11.4 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

If Resolution 2 is passed, and assuming each of Resolutions 1, 3, 4, 5, 8 and 9 are passed the Company will be able to complete the Placement.

As Resolutions 1 – 5, inclusive, and Resolutions 8 and 9, are interdependent, if Resolution 2 is not passed the Company will be unable to complete the Placement, the Avior and Gandel Subscriptions and will be unable to satisfy the Company's obligations under the DOCA.

Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under Listing Rule 10.11.

For the purposes of Listing Rule 10.13, the following information is provided in relation to Resolution 2:

- (i) The securities will be issued to McNally Clan Super
- (ii) McNally Clan Super is an associate under Listing Rule 10.11.4 of Mr Paul McNally, a director and related party of the Company under Listing Rule 10.11.1 and a substantial holder of more than 10% of the Company under Listing Rule 10.11.3
- (iii) 883,333 Placement Shares being fully paid ordinary shares in the Company and 294,444 Placement Options, being options to subscribe for fully paid ordinary shares in the Company, are to be issued
- (iv) The material terms of the Placement Options are as set out in Schedule 1 to this Explanatory Memorandum
- (v) The securities are expected to be issued on 14 January 2020 and will be issued not later than one month after the date of the Meeting
- (vi) The Placement Shares will be issued at an issue price of \$0.30 per Share and the total amount raised upon issue of the Placement Shares to McNally Clan Super will be \$264,999.90. There is no consideration for the Placement Options
- (vii) The purpose of the Placement is to raise funds to be used to contribute \$2.4M to the closure of the DOCA, with the balance of funds to be used to for: (a) capital development at the A1 mine including a two-level decline development; (b) capital improvements at both the Maldon and Morning Star processing plants; (c) in-mine resource drilling; (d) regional exploration; (e) working capital and transaction costs, and (f) potential further growth initiatives
- (viii) The issue is not intended to remunerate or incentivise the director

- (ix) A voting exclusion statement is included in the Notice of Meeting of which this Explanatory Memorandum forms part.

### 2.3 *Board Recommendation*

The Board unanimously recommends that Shareholders vote **FOR** Resolution 2.

The Chair intends to vote undirected proxies in favour of Resolution 2.

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## **3. Resolution 3 – Approval to issue Placement Shares and Placement Options to M&C Gill SMSF**

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### 3.1 *Background*

Resolution 3 seeks shareholder approval for the purpose of Listing Rule 10.11 and all other purposes for the issue of 30,000 Placement Shares and 10,000 Placement Options to M&C Gill SMSF, an associate of Mr Matthew Gill, a director of the Company.

The relevant interest of Mr Gill in securities of the Company prior to the Placement and his expected relevant interest following completion of the Placement, Offer and Subscription is set out in Schedule 4 to this Explanatory Memorandum.

### 3.2 *Listing Rule Requirements*

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
  - 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
  - 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
  - 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
  - 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,
- unless it obtains the approval of its shareholders.

The issue under Resolution 3 falls within Listing Rule 10.11.4 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

If Resolution 3 is passed, and assuming each of Resolutions 1, 2, 4, 5, 8 and 9, inclusive, are passed the Company will be able to complete the Placement.

As Resolutions 1 – 5, inclusive, and Resolutions 8 and 9, are interdependent, if Resolution 3 is not passed, the Company will be unable to complete the Placement, the Avior and Gandel Subscriptions and will be unable to satisfy the Company's obligations under the DOCA.

Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under Listing Rule 10.11.

For the purposes of Listing Rule 10.13, the following information is provided in relation to Resolution 3:

- (i) The securities will be issued to M&C Gill SMSF
- (ii) M&C Gill SMSF is an associate under Listing Rule 10.11.4 of Mr Matthew Gill, a director and related party of the Company under Listing Rule 10.11.1
- (iii) 30,000 Placement Shares being fully paid ordinary shares in the Company and 10,000 Placement



Options, being options to subscribe for fully paid ordinary shares in the Company, are to be issued

- (iv) The material terms of the Placement Options are as set out in Schedule 1 to this Explanatory Memorandum
- (v) The securities are expected to be issued on 14 January 2020 and will be issued not later than one month after the date of the Meeting
- (vi) The Placement Shares will be issued at an issue price of \$0.30 per Share and the total amount raised upon issue of the Placement Shares to M&C Gill SMSF will be \$9,000. There is no consideration for the Placement Options
- (vii) The purpose of the Placement is to raise funds to be used to contribute \$2.4M to the closure of the DOCA, with the balance of funds to be used to for: (a) capital development at the A1 mine including a two-level decline development; (b) capital improvements at both the Maldon and Morning Star processing plants; (c) in-mine resource drilling; (d) regional exploration; (e) working capital and transaction costs, and (f) potential further growth initiatives
- (viii) The issue is not intended to remunerate or incentivise the director
- (ix) A voting exclusion statement is included in the Notice of Meeting of which this Explanatory Memorandum forms part.

### **3.3 Board Recommendation**

The Board unanimously recommends that Shareholders vote **FOR** Resolution 3.

The Chair intends to vote undirected proxies in favour of Resolution 3.

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## **4. Resolution 4 - Ratification of prior agreement to issue Placement Shares**

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### **4.1 Background**

Resolution 4 seeks shareholder approval for the purpose of Listing Rule 7.4 to the prior agreement to issue 7,253,334 Placement Shares to sophisticated and institutional investors under the Placement (being the balance of the Placement Shares to be issued under the Placement after deducting the number of Placement Shares to be issued to associates or related parties for which approval is sought under Resolutions 1, 2 and 3).

### **4.2 Listing Rule Requirements**

In summary, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the total number of fully paid ordinary shares it had on issue at the beginning of the 12 month period. In addition to the 15%, the Company's shareholders approved an additional placement capacity of 10% under Listing Rule 7.1A at its Annual General Meeting held on 29 November 2019 such that the Company has a combined placement capacity limit of 25%.

The agreement to issue the Placement Shares under Resolution 4 does not fit within any of these exceptions and, as it has not yet been approved by Shareholders, it effectively uses up part of the Company's placement capacity under Listing Rule 7.1 and Listing Rule 7.1A, reducing the Company's capacity to issue further securities without shareholder approval under Listing Rule 7.1 for the 12 month period following the issue date.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

Resolution 4 therefore seeks Shareholder approval to the prior agreement to issue the Placement Shares under and for the purpose of Listing Rule 7.4.

If Resolution 4 is passed, the Placement Shares will not be counted as reducing the number of equity securities which the Company can issue without Shareholder approval under its 15% placement limit imposed by Listing Rule 7.1 and its additional 10% placement capacity under Listing Rule 7.1A, effectively increasing the number of securities the Company can issue without shareholder approval over the 12 month period following the date of this Meeting.

If Resolution 4 is not passed, the issue of the Placement Shares will be included in calculating the Company's placement capacity under Listing Rule 7.1 and Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12 month period following the issue date.

Further, as Resolutions 1 - 5, inclusive, and Resolutions 8 and 9 are interdependent, if Resolution 4 is not passed, the Company will be unable to complete the Placement, the Avior and Gandel Subscriptions and will be unable to satisfy the Company's obligations under the DOCA.

The following information is provided in accordance with Listing Rule 7.5

- (i) The persons to whom the Company will issue the Placement Shares are certain sophisticated and institution investors identified or selected by EL&C Baillieu
- (ii) The Company will issue 7,253,334 Placement Shares, being fully paid ordinary shares in the Company
- (iii) The Placement Shares are fully paid ordinary securities
- (iv) The Placement Shares are expected to be issued on 14 January 2020 and will be issued not later than three months after the date of the Meeting
- (v) The Placement Shares will be issued at an issue price of \$0.30 per Share and the total amount raised upon issue of the Placement Shares will be \$2,176,000
- (vi) The purpose of the Placement is to raise funds to be used to contribute \$2.4M to the closure of the DOCA, with the balance of funds to be used to for: (a) capital development at the A1 mine including a two-level decline development; (b) capital improvements at both the Maldon and Morning Star processing plants; (c) in-mine resource drilling; (d) regional exploration; (e) working capital and transaction costs, and (f) potential further growth initiatives
- (vii) A voting exclusion statement is included in the Notice of Meeting of which this Explanatory Memorandum forms part

#### **4.3 Board recommendation**

The Board unanimously recommends that Shareholders vote **FOR** Resolution 4.

The Chair intends to vote undirected proxies in favour of Resolution 4.

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## **5. Resolution 5 - Approval to issue Placement Options**

### **5.1 Background**

Resolution 5 seeks shareholder approval for the purpose of Listing Rule 7.1 to the issue of 2,417,778 Placement Options to sophisticated and institutional investors under the Placement (being the balance of the Placement Options to be issued under the Placement after deducting the number of Placement Options issued to associates of related parties for which approval is sought under Resolutions 1, 2 and 3).

## 5.2 *Listing Rule Requirements*

In summary, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the total number of fully paid ordinary shares it had on issue at the beginning of the 12 month period.

The issue of the Placement Options under Resolution 5 does not fit within any of these exceptions and, exceeds the Company's placement capacity under Listing Rule 7.1 therefore requiring Shareholder approval under Listing Rule 7.1.

Resolution 5 seeks the required Shareholder approval under and for the purposes of Listing Rule 7.1

If Resolution 5 is passed, the issue of the Placement Options will not be counted as reducing the number of equity securities which the Company can issue without Shareholder approval under its 15% placement limit imposed by Listing Rule 7.1 and its additional 10% placement capacity under Listing Rule 7.1A, effectively increasing the number of securities the Company can issue without shareholder approval over the 12 month period following the issue date.

If Resolution 5 is not passed, the Company will not be able to issue the Placement Options as they exceed the Company's placement capacity under Listing Rule 7.1.

Further, as Resolutions 1 – 5, inclusive, and Resolutions 8 and 9, are interdependent, if Resolution 5 is not passed, the Company will be unable to complete the Placement, the Avior and Gandel Subscriptions and will be unable to satisfy the Company's obligations under the DOCA.

The following information is provided in accordance with Listing Rule 7.3

- (i) The persons to whom the Company will issue the Placement Options are certain sophisticated and institutional investors identified or selected by EL&C Baillieu
- (ii) The Company will issue 2,417,778 Placement Options, being options to acquire fully paid ordinary shares in the Company exercisable at \$0.60 and expiring 30 June 2022 on the terms set out in Schedule 1 to this Explanatory Memorandum
- (iii) The material terms of the Placement Options are set out in Schedule 1 to this Explanatory Memorandum
- (iv) The Placement Options are expected to be issued on 14 January 2020 and will be issued not later than three months after the date of the Meeting
- (v) There is no consideration for the Placement Options
- (vi) The purpose of the issue is to satisfy the Company's obligations to issue the Placement Options under the Placement. No immediate funds will be raised by the issue of the New Options
- (vii) The securities are not being issued under, or to fund, a reverse takeover
- (viii) A voting exclusion statement is included in the Notice of Meeting of which this Explanatory Memorandum forms part

## 5.3 *Board recommendation*

The Board unanimously recommends that Shareholders vote **FOR** Resolution 5.

The Chair intends to vote undirected proxies in favour of Resolution 5.

## **6. Resolution 6 - Approval to issue Underwriter Options**

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### **6.1 Background**

Resolution 6 seeks Shareholder approval for the issue of up to 1,111,111 New Options to the Underwriter or its nominee as part of the fees payable to the Underwriter for the partial underwriting of the Offer under the terms of the Underwriting Agreement as described in Part A - Background to the Resolutions.

### **6.2 Listing Rule Requirements**

In summary, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the total number of fully paid ordinary shares it had on issue at the beginning of the 12 month period.

The issue under Resolution 6 does not fit within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolution 6 seeks the required Shareholder approval under and for the purposes of Listing Rule 7.1.

If Resolution 6 is passed it will permit the Company to issue the New Options to the Underwriter no later than 3 months after the date of the Meeting (or such longer period as allowed by ASX) in satisfaction of the Company's obligations under the Underwriting Agreement, without impacting on the Company's placement capacity under Listing Rule 7.1 and Listing Rule 7.1A.

If Resolution 6 is not passed, this will constitute a termination event under the Underwriting Agreement and the Underwriter will be entitled to immediately terminate the Underwriting Agreement and be relieved of its obligations to partially underwrite the Offer under the Underwriting Agreement.

The following information is provided in accordance with Listing Rule 7.3

- (i) The names of the persons to whom the Company will issue the New Options is Claymore Capital Pty Ltd or its nominee
- (ii) The Company will issue up to 1,111,111 New Options, being options to acquire fully paid ordinary shares in the Company exercisable at \$0.60 and expiring 30 June 2022 on the terms set out in Schedule 1 to this Explanatory Memorandum
- (iii) The material terms of the New Options are set out in Schedule 1 to this Explanatory Memorandum
- (iv) The New Options are expected to be issued on 14 January 2020 and will be issued not later than three months after the date of the Meeting
- (v) There is no consideration for the Placement Options, which are to be issued as part of the Underwriter's fee for the Partial Underwriting of the Offer
- (vi) The purpose of the issue is to satisfy the Company's obligations to pay the fee to the Underwriter under the terms of the Underwriting Agreement. No immediate funds will be raised by the issue of the New Options
- (vii) The securities are not being issued under, or to fund, a reverse takeover
- (viii) A voting exclusion statement is included in the Notice of Meeting of which this Explanatory Memorandum forms part

### **6.3 Board recommendation**

The Board unanimously recommends that Shareholders vote **FOR** Resolution 6.

The Chair intends to vote undirected proxies in favour of Resolution 6.

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## **7. Resolution 7 – Approval to issue Shares and New Options to Avior Consulting**

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### **7.1 Background**

Resolution 7 seeks Shareholder approval for the issue of 1,333,334 Shares and 444,445 New Options to Avior Consulting, the proponent under the DOCA, or its nominee, in the event that there is no Offer shortfall.

### **7.2 Listing Rule Requirements**

In summary, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the total number of fully paid ordinary shares it had on issue at the beginning of the 12 month period.

The issue under Resolution 7 does not fit within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolution 7 seeks the required Shareholder approval under and for the purposes of Listing Rule 7.1.

If Resolution 7 is passed it will permit the Company to issue up to 1,333,334 Shares and 444,445 New Options to Avior Consulting by way of a special purpose placement following completion of the Offer and in the event that the Offer is fully subscribed, without impacting on the Company's placement capacity under Listing Rule 7.1 and Listing Rule 7.1A.

If Resolution 7 is not passed, the Company will not be able to issue the Shares and New Options to Avior Consulting.

Further, as Resolutions 1 – 5, inclusive, and Resolutions 8 and 9, are interdependent, if Resolution 7 is not passed, the Company will be unable to complete the Placement, the Avior and Gandel Subscriptions and will be unable to satisfy the Company's obligations under the DOCA.

The following information is provided in accordance with Listing Rule 7.3

- (i) The names of the person to whom the Company will issue the Shares and New Options is Avior Consulting or its nominee
- (ii) The Company will issue 1,333,334 Shares, being fully paid ordinary shares in the Company, and 444,445 New Options, being options to acquire fully paid ordinary shares in the Company exercisable at \$0.60 and expiring 30 June 2022 on the terms set out in Schedule 1 to this Explanatory Memorandum
- (iii) The material terms of the New Options are set out in Schedule 1 to this Explanatory Memorandum
- (iv) The Shares and New Options are expected to be issued on or around 14 January 2020 and in any event, will be issued not later than three months after the date of the Meeting
- (v) The Shares will be issued at an issue price of \$0.30 per Share and the total amount raised upon issue of the Shares will be \$400,000. There is no consideration for the Placement Options
- (vi) The purpose of the issue is to raise funds to be used to contribute \$2.4M to the closure of the DOCA, with the balance of funds to be used to for: (a) capital development at the A1 mine including a two-level decline development; (b) capital improvements at both the Maldon and Morning Star processing plants; (c) in-mine resource drilling; (d) regional exploration; (e) working capital and transaction costs, and (f) potential further growth initiatives
- (vii) The securities are not being issued under, or to fund, a reverse takeover
- (viii) A voting exclusion statement is included in the Notice of Meeting of which this Explanatory

Memorandum forms part

### 7.3 *Board recommendation*

The Board unanimously recommends that Shareholders vote **FOR** Resolution 7.

The Chair intends to vote undirected proxies in favour of Resolution 7.

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## **8. Resolution 8 – Approval to issue Shares and New Options to Gandel Metals**

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### 8.1 *Background*

Resolution 8 seeks Shareholder approval for the issue of up to 1,666,667 Shares and 555,556 New Options to Gandel Metals, a creditor under the DOCA, or its nominee, in the event that:

- (a) the total funds raised from the Placement, the Offer and the Avior Subscription exceeds a minimum of \$4.4 million,
- (b) there is no capacity for the Gandel Subscription under the Offer shortfall, and
- (c) Gandel Metals exercises its discretion to contribute by way of a special purpose placement following completion of the Offer.

### 8.2 *Listing Rule Requirements*

In summary, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the total number of fully paid ordinary shares it had on issue at the beginning of the 12 month period.

The issue under Resolution 8 does not fit within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolution 8 seeks the required Shareholder approval under and for the purposes of Listing Rule 7.1.

If Resolution 8 is passed it will permit the Company to issue up to 1,666,667 Shares and 555,556 New Options to Gandel Metals by way of a special purpose placement following completion of the Offer and in the event that the Offer is fully subscribed, without impacting on the Company's placement capacity under Listing Rule 7.1 and Listing Rule 7.1A.

If Resolution 8 is not passed, the Company will not be able to issue the Shares and New Options to Gandel Metals.

Further, as Resolutions 1 – 5, inclusive, and Resolutions 8 and 9, are interdependent, if Resolution 8 is not passed, the Company will be unable to complete the Placement, the Avior and Gandel Subscriptions and will be unable to satisfy the Company's obligations under the DOCA.

The following information is provided in accordance with Listing Rule 7.3

- (i) The names of the person to whom the Company will issue the Shares and New Options is Gandel Metals or its nominee
- (ii) The Company will issue up to 1,666,667 Shares, being fully paid ordinary shares in the Company, and 555,556 New Options, being options to acquire fully paid ordinary shares in the Company exercisable at \$0.60 and expiring 30 June 2022 on the terms set out in Schedule 1 to this Explanatory Memorandum
- (iii) The material terms of the New Options are set out in Schedule 1 to this Explanatory Memorandum
- (iv) The Shares and New Options are expected to be issued on or around 14 January 2020 and in any event, will be issued not later than three months after the date of the Meeting
- (v) The Shares will be issued at an issue price of \$0.30 per Share and the total amount raised upon

issue of the Shares will be \$500,000. There is no consideration for the Placement Options

- (vi) The purpose of the issue is to raise funds to be used to contribute \$2.4M to the closure of the DOCA, with the balance of funds to be used to for: (a) capital development at the A1 mine including a two-level decline development; (b) capital improvements at both the Maldon and Morning Star processing plants; (c) in-mine resource drilling; (d) regional exploration; (e) working capital and transaction costs, and (f) potential further growth initiatives
- (vii) The securities are not being issued under, or to fund, a reverse takeover
- (viii) A voting exclusion statement is included in the Notice of Meeting of which this Explanatory Memorandum forms part

### 8.3 *Board recommendation*

The Board unanimously recommends that Shareholders vote **FOR** Resolution 8.

The Chair intends to vote undirected proxies in favour of Resolution 8.

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## 9. **Resolution 9 – Approval to issue Additional Consideration Shares to Centennial Vendors**

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### 9.1 *Background*

Resolution 9 seeks Shareholder approval to the issue of 253,908 Shares (**Additional Consideration Shares**) to the Centennial Vendors, or their nominees, for the purpose of completion of the DOCA.

The issue price for the Additional Consideration Shares is \$0.30.

### 9.2 *Legal requirements*

In summary, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the total number of fully paid ordinary shares it had on issue at the beginning of the 12 month period.

The issue under Resolution 9 does not fit within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolution 9 seeks the required Shareholder approval under and for the purposes of Listing Rule 7.1.

If Resolution 9 is passed it will permit the Company to issue the Additional Consideration Shares, without impacting on the Company's placement capacity under Listing Rule 7.1 and Listing Rule 7.1A.

If Resolution 9 is not passed, the issue will be included in calculating the Company's placement capacity under Listing Rule 7.1 and Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12 month period following the issue date.

Further, as Resolutions 1 – 5, inclusive, and Resolutions 8 and 9, are interdependent, if Resolution 9 is not passed, the Company will be unable to complete the Placement, the Avior and Gandel Subscriptions and will be unable to satisfy the Company's obligations under the DOCA.

The following information is provided in accordance with Listing Rule 7.3

- (i) The Company will issue the Additional Consideration Shares to the Centennial Vendors or their nominees
- (ii) The Company will issue 253,908 Additional Consideration Shares, being fully paid ordinary shares in the Company

- (iii) The Additional Consideration Shares are fully paid ordinary shares in the Company
- (iv) The Shares are expected to be issued on or before 24 January 2020 and in any event, will be issued not later than three months after the date of the Meeting
- (v) The Shares will be issued at an issue price of \$0.30 per Share as part of the consideration for the acquisition of Centennial
- (vi) The purpose of the issue is to satisfy part of the consideration for acquisition of Centennial
- (vii) The Additional Consideration Shares are to be issued as part of the consideration for acquisition of Centennial in accordance with the DOCA
- (viii) The securities are not being issued under, or to fund, a reverse takeover
- (ix) A voting exclusion statement is included in the Notice of Meeting of which this Explanatory Memorandum forms part

### **9.3 Directors Recommendation**

The Board unanimously recommends that Shareholders vote **FOR** Resolution 9.

The Chair intends to vote undirected proxies in favour of Resolution 9.

## **SPECIAL BUSINESS**

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### **10 Resolution 10 - Amendment to the Constitution**

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#### **10.1 Background**

The Company is currently governed by its existing Constitution, a copy of which can be found on the Company's website: <https://www.austargold.com>

A copy of the Constitution of the Company may be viewed by Shareholders at the Company's Registered Office during normal business hours.

Under section 136(2) of the Corporation Act, a company can modify its constitution or a provision of its constitution by special resolution.

Changes to the Listing Rules, which commenced on 1 December 2019, require a listed entity's constitution contain certain provisions set out in Listing Rule 15.12 regarding Restricted Securities if the entity issues Restricted Securities or has them on issue. Under the terms of the DOCA, at completion of the acquisition of Centennial, some of the Consideration Shares to be issued to the Centennial Vendors are required to be escrowed for 12 months.

Accordingly, the company seeks Shareholder approval to amend its Constitution by a special resolution of shareholders as set out below to ensure compliance with Listing Rules 9.1 and 15.12 prior to the issue of the Restricted Securities.

#### **10.2 Proposed Amendment**

Clause 2.11 of the Constitution currently provides as follows:



## 2.11 Restricted Securities

The Company shall comply in all respects with the requirements of the Listing Rules with respect to Restricted Securities. Without limiting the generality of the above:

- (a) Restricted Securities cannot be disposed of during the escrow period except as permitted by the Listing Rules or the ASX;
- (b) the Company will refuse to acknowledge a disposal (including registering a transfer), assignment or transfer of Restricted Securities during the escrow period except as permitted by the Listing Rules or the ASX; and
- (c) during a breach of the Listing Rules relating to Restricted Securities or a breach of a restriction agreement the holder of the Restricted Securities is not entitled to any dividend or distribution, or voting rights, in respect of the Restricted Securities.

By Resolution 10, the Company seeks Shareholder approval to delete clause 2.11 of the Constitution in its entirety and replace it with the following:

## 2.11 Restricted Securities

While the Company is on the official list of ASX, the Company must recognize and comply with the Listing Rules with respect to Restricted Securities. Without limiting the obligation to comply with the Listing Rules:

- (a) a holder of Restricted Securities must not Dispose of, or agree or offer to Dispose of, the Restricted Securities during the escrow period applicable to those Restricted Securities except as permitted by the Listing Rules or ASX;
- (b) if the Restricted Securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company's issuer sponsored sub-register and are to have a holding lock applied for the duration of the escrow period applicable to those securities;
- (c) the Company will refuse to acknowledge any Disposal (including, without limitation, to register any transfer), of Restricted Securities during the escrow period except as permitted by the Listing Rules or ASX;
- (d) a holder of Restricted Securities will not be entitled to participate in any return of capital on those Restricted Securities during the escrow period applicable to those Restricted Securities except as permitted by the Listing Rules or ASX; and
- (e) if a holder of Restricted Securities breaches a Restriction Deed or a provision of this Constitution restricting a Disposal of those Restricted Securities, the holder will not be entitled to any dividend or distribution, or to exercise any rights in respect of those Restricted Securities for so long as the breach continues.

For the purpose of this clause 2.11, **Dispose** has the meaning given to it in the Listing Rules and **Disposal** has the corresponding meaning.

## 10.3 Additional Information

Resolution 10 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholders, by a corporate representative).

## 10.4 Directors Recommendation

The Board unanimously recommends that Shareholders vote **FOR** Resolution 10.

The Chair intends to vote undirected proxies in favour of Resolution 10.

## Glossary

In this Explanatory Memorandum and the Notice of Meeting:

**AUD, \$, AU\$** are references to the Australian Dollar

**Additional Consideration Shares** means the additional 253,908 Consideration Shares to be issued to the Centennial Vendors as set out in Part A – Background to the Resolutions in the Explanatory Memorandum

**Avior Consulting** means Avior Consulting Pty Ltd ACN 155 043 191

**Associate(s)** has the meaning given in the Corporations Act

**ASX** means the Australian Securities Exchange or ASX Limited ACN 008 624 691

**Avior Subscription** means the subscription for Shares in the Company in the amount of \$400,000 by Avior Consulting as defined in Part A – Background to the Resolutions in the Explanatory Memorandum

**Board** means the board of Directors of the Company at the date of this Notice

**Capital Raising** means the capital raising by the Company for up to \$7,500,000 comprising the Placement and the Offer as described in Part A – Background to the Resolutions in the Explanatory Memorandum

**Centennial** means Centennial Mining Ltd (ACN 149 308 921) (subject to deed of company arrangement)

**Centennial Vendors** means the shareholders of Centennial (excluding the Company) under the DOCA

**Chair** means the chair of the Meeting

**Company** means AuStar Gold Limited ACN 107 180 441

**Consideration Shares** means the 24,982,946 fully paid ordinary shares payable to the Centennial Vendors as part consideration for the acquisition by the Company of 100% of Centennial

**Constitution** means the constitution of the Company in effect at the time of the Meeting

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

**Deed Administrators** means Richard Tucker, Leanne Chesser and John Bumbak, the deed administrators under the DOCA

**Directors** means the directors of the Company being as at the date of this Notice of Meeting, being Frank Terranova, Matthew Gill, Christopher Wellesley, Philip Amery and Paul McNally

**DOCA** means the Deed of Company Arrangement between the Deed Administrators, Avior Consulting, Centennial and Maldon Resources Pty Ltd (subject to deed of company arrangement) dated 20 November 2019

**Explanatory Memorandum** means this explanatory memorandum that accompanies and forms part of the Notice of Meeting

**Evolution Equities** means Evolution Equities Pty Ltd ACN 603 930 418

**Gandel Metals** means Gandel Metals Pty Ltd

**Gandel Subscription** means the subscription for Shares in the Company in the amount of \$500,000 by Gandel Metals as defined in Part A – Background to the Resolutions in the Explanatory Memorandum

**General Meeting or Meeting** means the extraordinary general meeting of the Company to be convened by this Notice of Meeting (unless the context otherwise requires)

**Listing Rules** means the official Listing Rules of ASX

**McNally Clan Super** means Mr Paul John McNally and Mrs Vivian McNally <McNally Clan Super Fund>

**M&C Gill SMSF** means Mr Matthew Gill and Mrs Carmel Gill <M&C Gill Super Fund A/c>

**New Options** means options to subscribe for Shares in the Company, exercisable at \$0.60 and expiring 30 June 2022, on the terms set out in Schedule 1

**Notice of Meeting** means the notice of extraordinary general meeting dated 13 December 2019 which this Explanatory Memorandum accompanies and in which the Resolutions are set out

**Offer** means the 1 for 2 pro-rata non-renounceable rights issue to eligible shareholders of the Company as defined in Part A – Background to the Resolutions in the Explanatory Memorandum

**Offer Options** means the New Options to be issued under the Offer as described in Part A – Background to the Resolutions in the Explanatory Memorandum

**Official Quotation** means official quotation of the securities by ASX in accordance with the Listing Rules

**Partially Underwritten Amount** means the amount of \$1,000,000

**Placement** means the placement to sophisticated and institutional investors of the Placement Shares and the Placement Options to raise \$2,500,000, as described in Part A – Background to the Resolutions in the Explanatory Memorandum

**Placement Options** means the New Options to be issued to the participants in the Placement as described in the Explanatory Memorandum

**Placement Shares** means the Shares to be issued to the participants in the Placement as described in the Explanatory Memorandum

**Proxy Form** means a valid proxy form for this General Meeting (unless the context otherwise requires)

**Resolution or Resolutions** means the resolutions referred to in the Notice of Meeting

**Share** means a fully paid ordinary share in the Company

**Shareholder** means a holder of Shares

**Subscription Amount** is the amount up to \$900,000 to be raised by the Avior and Gandel Subscriptions as described in Part A – Background to the Resolutions in the Explanatory Memorandum

**Subscription Options** means the New Options to be issued under the Avior Subscription and the Gandel Subscription as described in Part A – Background to the Resolutions in the Explanatory Memorandum

**Underwriter** means Claymore Capital Pty Ltd ACN 082 722 290

**Underwriter Options** means 1,111,111 New Options

## SCHEDULE 1

### TERMS OF THE NEW OPTIONS

1. Each New Option entitles the holder to subscribe for one ordinary share in the Company upon exercise of the New Option.
2. The New Options are exercisable at any time prior to 7.00pm (AEST) on the New Option Expiry Date of 30 June 2022.
3. New Options not exercised on or before the New Option Expiry date will automatically lapse.
4. Each New Option entitles the holder to subscribe for one Share upon payment of \$0.60 per New Option.
5. The New Options are exercisable wholly or in part by completing an option exercise form delivered to the Company's Share Registry, accompanied by payment of \$0.60 per New Option and received by it any time on or before 7.00pm (AEST) on the New Option Expiry date.
6. Shares issued on the exercise of the New Options will rank pari-passu with existing Shares.
7. The Company intends to seek Official Quotation of the New Options, however, Quotation of the New Options will be subject to meeting the requirements for Quotation of additional securities under Listing Rule 2.5.
8. The Company will make application for Official Quotation on ASX for any Shares allotted on exercise of the New Options.
9. There will be no participating entitlements inherent in the New Options to participate in new issues of capital which may be offered to Shareholders during the currency of the New Options. A New Option holder may only participate in new issues of securities to holders of Shares in the Company if the New Option has been exercised and Shares allotted in respect of the New Option before the record date for determining entitlements to the issue. The Company must give prior notice to the New Option holder of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.
10. In the event the Company proceeds with a pro rata issue (except a bonus issue) of Shares to the holders of Shares after the date of issue of the New Options, the exercise price of the New Options will be adjusted in accordance with the formula set out in Listing Rule 6.22.2.
11. If there is a bonus issue to the holders of Shares, the number of ordinary shares over which the New Option is exercisable will be increased by the number of ordinary shares which the holder of the New Option would have received if the New Option had been exercised before the record date for the bonus issue.
12. In the event of any re-organisation (including reconstructions, consolidations, subdivision, and reduction of capital) of the issued capital of the Company, the New Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
13. The New Options will not give any right to participate in dividends or vote on resolutions at general meetings of the Company until Shares are allotted pursuant to the exercise of the relevant New Options.

## SCHEDULE 2

### Effect of the Resolutions on the Issued Capital of the Company

The effect of Resolutions 1 to 9, inclusive, (including the Issue of Consideration Shares upon completion of the DOCA as approved at the Annual General Meeting of the Company held on 29 November 2019), is set out in the table below:

Resolution Number	Description	Shares (number)	Shares (cumulative)	% (at issue)	% (after issue of all Shares per Resolution)	Options and Performance Rights (number)	Options and Performance Rights (cumulative)	% (at issue)	% (fully diluted)	Total equities (number)	Total equities (cumulative)
	Current issued capital	33,903,630	33,903,630	100%	48%	4,876,982	4,876,982	100%	13%	38,780,612	38,780,612
	Issue of Consideration Shares to Centennial Vendors approved at Annual General Meeting	24,982,946	58,886,576	42%	35%	-	4,876,982	0%	8%	24,982,946	63,763,558
1	Approval to issue New Shares and New Options to Amery Partners Pty Ltd	166,667	59,053,243	0%	0%	55,556	4,932,538	1%	8%	222,223	63,985,781
2	Approval to issue New Shares and New Options to McNally Clan Super	883,333	59,936,576	1%	1%	294,444	5,226,982	6%	8%	1,177,777	65,163,558
3	Approval to issue New Shares and New Options to M&C Gill SMSF	30,000	59,966,576	0%	0%	10,000	5,236,982	0%	8%	40,000	65,203,558
4	Ratification of prior agreement to issue Placement Shares	7,253,334	67,219,910	11%	10%	-	5,236,982	0%	7%	7,253,334	72,456,892
5	Approval to issue Placement Options	-	67,219,910	0%	0%	2,417,778	7,654,760	32%	10%	2,417,778	74,874,670
6	Approval to issue Underwriter Options	-	67,219,910	0%	0%	1,111,111	8,765,871	13%	12%	1,111,111	75,985,781
7	Approval to issue Shares and Options to Avior Consulting	1,333,334	68,553,244	2%	2%	444,445	9,210,316	5%	12%	1,777,779	77,763,560
8	Approval to issue Shares and Options to Gandel Metals	1,666,667	70,219,911	2%	2%	555,556	9,765,872	6%	12%	2,222,223	79,985,783
9	Approval to issue Additional Consideration Shares to Centennial Vendors	253,908	70,473,819	0%	0%	-	9,765,872	0%	12%	253,908	80,239,691

The above table reflects the maximum number of securities that may be issued by the Company if the relevant Resolution is approved, the DOCA is completed, and assuming that no other securities are issued by the Company other than the issue of 24,982,946 Shares to the Centennial Vendors that was approved at the Company's Annual General Meeting held on 29 November 2019.

The above table does not include any Shares that may be issued by the Company pursuant to the Offer. The maximum number of Shares that may be issued pursuant to the Offer is 16,951,815 (subject to rounding of fractional entitlements), assuming the Offer is fully subscribed. In addition, eligible Shareholders who subscribe for Shares under the Offer will receive 1 New Option for every 3 shares subscribed for. The table below shows the potential dilution effect of Resolutions 1 to 9 if the maximum number of New Shares and New Options is issued pursuant to the Offer (assuming the Offer is fully subscribed).

Resolution Number	Description	Shares (number)	Shares (cumulative)	% (at issue)	% (after issue of all Shares per Resolution)	Options and Performance Rights (number)	Options and Performance Rights (cumulative)	% (at issue)	% (fully diluted)	Total equities (number)	Total equities (cumulative)
	Current issued capital	33,903,630	33,903,630	100%	39%	4,876,982	4,876,982	100%	13%	38,780,612	38,780,612
	Issue of Consideration Shares to Centennial Vendors approved at Annual General Meeting	24,982,946	58,886,576	42%	29%	-	4,876,982	0%	8%	24,982,946	63,763,558
1	Approval to issue New Shares and New Options to Amery Partners Pty Ltd	166,667	59,053,243	0%	0%	55,556	4,932,538	1%	8%	222,223	63,985,781
2	Approval to issue New Shares and New Options to McNally Clan Super	883,333	59,936,576	1%	1%	294,444	5,226,982	6%	8%	1,177,777	65,163,558
3	Approval to issue New Shares and New Options to M&C Gill SMSF	30,000	59,966,576	0%	0%	10,000	5,236,982	0%	8%	40,000	65,203,558
4	Ratification of prior agreement to issue Placement Shares	7,253,334	67,219,910	11%	8%	-	5,236,982	0%	7%	7,253,334	72,456,892
5	Approval to issue Placement Options	-	67,219,910	0%	0%	2,417,778	7,654,760	32%	10%	2,417,778	74,874,670
6	Approval to issue Underwriter Options	-	67,219,910	0%	0%	1,111,111	8,765,871	13%	12%	1,111,111	75,985,781
7	Approval to issue Shares and Options to Avior Consulting	1,333,334	68,553,244	2%	1.53%	444,445	9,210,316	5%	12%	1,777,779	77,763,560
8	Approval to issue Shares and Options to Gandel Metals	1,666,667	70,219,911	2%	1.91%	555,556	9,765,872	6%	12%	2,222,223	79,985,783
9	Approval to issue Additional Consideration Shares to Centennial Vendors	253,908	70,473,819	0%	0%	-	9,765,872	0%	12%	253,908	80,239,691
	Issue of New Shares and New Options under the Entitlement Offer	16,951,815	87,425,634	19%	19%	5,650,605	15,416,477	37%	15%	22,602,420	102,842,111

### SCHEDULE 3

The Current Conditions Precedent under the DOCA are set out below (the highlighted conditions have been met or conditionally met)

Estimated Completion Date	Conditions Precedent
<b><u>To be satisfied by Deed Administrator</u></b>	
Approved	Convene a meeting of the Companies' creditors to approve the amendments to the Varied DoCA
Conditionally Approved	Obtain leave from the Court pursuant to section 444GA of the Corporations Act ('Act') to transfer Centennial Shares in accordance with the Amended Varied DoCA
At completion	Obtain written consent from Mining Lending for the conversion of its debt to equity
Ongoing	Obtain confirmation from secured creditors that they will release and discharge all security interests in the Companies upon transfer of their allocated shares in Centennial
Conditionally Approved	Obtain relief pursuant to section 606 of the Act from ASIC
<b><u>To be satisfied by Austar Gold Limited ('Austar')</u></b>	
Ongoing	Obtain a recommendation from Austar's board for any approvals required for the recapitalisation
24 January 2020	Obtain any of the shareholder or other approvals necessary to undertake the recapitalisation transaction
28 November 2019	Commit to a consolidation of its issued capital at the rate of 100:1 resulting in Austar not more than 33,903,104 of total shares on issue
24 January 2020	Complete a new capital raising of not less than \$4.4 million at an issue price of 30 cents per share (post consolidation)
24 January 2020	Pay the Deed Administrators \$2.4 million at the conclusion of the above capital raising to be used to fund the DoCA contribution
24 January 2020	Austar agreeing to issue shares to the future shareholders in Centennial as documented in the Amended Varied DoCA
<b><u>To be satisfied by the Proponent (Avior Consulting)</u></b>	
Completed 22 November 2019	Introduce investors to participate in Austar Gold's capital raising for a minimum of \$400,000
24 January 2020	Pay the Deed Administrators \$100,000 to be used in part to fund the DoCA contribution
<b><u>To be satisfied by the Gandel Parties</u></b>	
24 January 2020	Pay the Deed Administrators \$650,000 to be used in part to fund the DoCA contribution

#### SCHEDULE 4

The relevant interests of the Directors in Shares and Options in the Company prior to completion of the Placement, Offer and Subscription are set out in the table below:

Director	Shares pre completion	% of issued share capital pre completion	Listed Options Expiring 30 September 2020	Unlisted Options Expiring 8 September 2021	Performance Rights
Mr Philip Amery	330,000	0.97%	80,000	Nil	Nil
Mr Paul McNally	4,243,547	12.52	346,667	Nil	Nil
Mr Matthew Gill	Nil	Nil	Nil	10,000	300,000

The participation of Directors in the Placement via their related parties is set out in the table below, which is subject to Shareholder approval under Resolutions 1, 2 and 3

Director	Shares	New Options	Price
Mr Philip Amery	166,667	55,556	\$50,000.00
Mr Paul McNally	883,333	294,444	\$264,999.90
Mr Matthew Gill	30,000	10,000	\$9,000.00

The expected relevant interests of the Directors referred to in Resolutions 1, 2 and 3 in Shares and Options in the Company following completion of the Placement, Offer and Avior and Gandel Subscriptions are set out below:

Director	Shares post completion	% of issued share capital post completion	Options Expiring 30 September 2020	Options Expiring 8 September 2021	Performance Rights	New Options expiring 30 June 2022
Mr Philip Amery	496,667	0.57%	80,000	Nil	Nil	55,556
Mr Paul McNally	5,126,880	5.88%	346,667	Nil	Nil	294,444
Mr Matthew Gill	30,000	0.03%	Nil	Nil	300,000	10,000

*This table assumes that the Placement is completed, the Offer is fully subscribed, the Avior and Gandel Subscriptions are completed, no Options are exercised prior to the Offer Closing Date and that Directors participate in the Placement as indicated in the above table.*



