



ASX Announcement

25 November 2024

## DGR ENTERS INTO FUNDING AGREEMENT

The Directors of DGR Global Ltd ACN 052 354 837 (**DGR or Company**) are pleased to advise that DGR has signed a Term Sheet in relation to a proposed Facility Agreement (**Agreement**) with Samuel Holdings Pty Ltd ACN 063 693 747 as trustee for the Manumbar Pastoral Trust (**Samuel**), to fund the refinancing of existing debt facilities, provide working capital and ongoing legal fees for the Supreme Court case of DGR Global Ltd -v- P.T. Limited & Ors - BS 15575/2023.

Samuel is a related party to DGR and controlled by Mr Nicholas Mather, Managing Director & CEO of DGR, and holds an 17.01% interest in DGR.

Subject to required DGR Shareholder approvals having been granted and finalisation of the terms of the **Agreement** Samuel has agreed to provide funding in 2 tranches with the initial tranche (**Tranche 1**) being up to \$9.0M and potentially a further maximum \$14.5M under a second tranche (**Tranche 2**).

As Mr Mather and Samuel are related parties to DGR, there are a number of terms under the Agreement (including fees and issues of securities) that will require shareholder and regulatory approvals. These approvals will be sought prior to 31 January 2025.

In the interim the existing loan facility (**Choice Loan**) DGR has with Choice Investments (Dubbo) Pty Limited ACN 112 796 237 (**Choice**), announced to the market 17 January 2024, is now due to be repaid. In order to facilitate refinancing of the Choice Loan, DGR has entered into a Deed of Assignment and Novation of the Choice Loan with Samuel and Choice which assigns and novates the Choice Loan from Choice to Samuel. There are no material changes to the Choice Loan, but there has been an agreed extension of the time period of the loan to 31 January 2025. It is proposed that, subject to the requisite approvals being obtained, the Choice Loan shall be refinanced by the proposed Agreement.

*Mr Peter Wright, Chair of DGR, said in respect of the financing agreement "DGR is grateful to Samuel for the acceptance of the existing Choice debt and refinancing proposal. The agreement on the proposed Samuel facility terms are competitive with the existing Choice facility terms.*

*The Agreement would, if it proceeds, provide DGR with the necessary funding to continue its litigation against various parties, in respect of the Armour group and substantially provides the necessary funding runway for DGR to see, over the next 2 years, the outcomes of the feasibility study on SolGold's Cascabel project and development of financing strategies for the SolGold exploration portfolio, which in DGR's view, provides SolGold with a solid opportunity for the discovery of several more replicas of Cascabel.*

*SolGold's recent Pre-feasibility Study (PFS) showed at US\$1750 per oz gold and US\$3.85/lb copper a project, based on a staged 12 million tonne per annum block cave development, that lasts 28 years over just 18% of the overall resource of 36.6 million ounces of gold and 14.4 mt copper contained in measured indicated and inferred categories. The PFS indicated a Net Present Value*

(discounted at 8%) of US\$3.2 Billion and an after-tax Internal Rate of Return of 24% based on capital development expenditure of US\$1.55 Billion.

We expect substantial improvement in these financial metrics at current copper and gold prices. Since the PFS SolGold has entered a conditional gold streaming agreement with Franco Nevada and Osisko Royalties for the provision of US\$100 Million funding in 3 tranches required to deliver the project to FID by late 2026 subject to definitive feasibility, permitting and funding. The streaming agreement also provides for US\$650 Million to be provided by Franco Nevada and Osisko for contribution to the capital development expenditure. SolGold reports that several initiatives underway are designed to further improve the feasibility outcomes including early opencut exploration of the Tandayama resource, targeted improvements in metallurgy, mine design, green power generation and project infrastructure design.

SolGold's current share price of 7.7p and market capitalisation of GBP 231 Million (US\$292 Million) is very and, we believe, unjustifiably discounted to project value and DGR look forward to a rerating as the project becomes feasible, permitted and funded approaching FID in late 2026. DGR's 7% stake is an important asset for DGR with considerable potential given the compelling long term supply demand imbalances of the copper market".

#### **KEY TERMS OF THE PROPOSED SAMUEL FACILITY UNDER THE AGREEMENT:**

1. The interest rate is 14.6% per annum which will be payable monthly in arrears in cash.
2. The Term of the loan is 21 months and three weeks after first drawdown – The parties may by mutual agreement extend the term for a further 12 months with any longer extension being upon such terms as agreed by Samuel and DGR.
3. The loan is secured against DGR assets, including a first mortgage security over 149 million shares in SolGold PLC (DGR holds 204,151,800 SolGold shares beneficially).
4. The loan is guaranteed by DGR subsidiaries: DGR Energy Pty Ltd (ACN 152 604 521); Coolgarra Minerals Pty Ltd (ACN 151 731 010); Hartz Rare Earths Pty Ltd (ACN 147 226 622); Tinco Australia Pty Ltd (ACN 147 181 271) and DGR Bolivia Pty Ltd (ACN 626 131 360).

#### **FEES:**

In addition, DGR has agreed to pay the following facility fees:

1. A \$680,000 establishment fee.
2. A Security fee of 5.00% pa (Security & Arranger Fee) – payable monthly in arrears on the last day of each month (**Interest Payment Date**) by way of either:
  - A payment of the full amount of the Security & Arranger Fee then owing in cash; or
  - If DGR requests in writing by notice, at the election of Samuel, a transfer to DGR of an amount of shares in SolGold owned by DGR (**SolGold Shares**) calculated using a 10% discount to the 3 day VWAP for SolGold Shares on LSE prior to the interest payment date of up to 50% of the full amount of the Samuel Security Fee then owing with the balance of the Samuel Security Fee to be paid in cash.
3. An early repayment fee of between 0.75% to 1.5% of the loan (depending upon the time of any early repayment) should DGR wish to repay the loan before the maturity date.

**4. A Lender Upside sharing & Cancellation Fee:**

- DGR will pay to Samuel a fee of 15% of the increase above the 10 day VWAP for SolGold shares or securities on LSE or replacement distribution, dividend, share security prior to the date of the Agreement in the sale price achieved by DGR for the disposal of Solgold Shares held beneficially by DGR (**Upside Fee**), at any time (including once the Term under the Agreement has expired and the Facility repaid) determined by Samuel at its sole discretion; and
- At any time during or after the term of the Agreement DGR is to pay to Samuel, in respect of the litigation DGR Global Limited v P.T. Limited & Ors - BS 15575/2023:
  - 15% share of proceeds of any win or settlement of litigation where that win or settlement is an amount equal to or greater than DGR's recoverable legal fees and less than or equal to \$35,000,000; and
  - 10% share of proceeds of any win or settlement above \$35,000,000,in each case within 2 business days of receipt by DGR of those proceeds.
- DGR's obligation to pay the Solgold Upside Fee shall lapse after 10 years and the amount payable reduce by half after 6 years from the date of execution of the Agreement.

**DGR OPTIONS AND BREAK FEE**

DGR has also agreed to grant 180 million options to Samuel each exercisable at \$0.03 on or before 3 years from issue.

The grant of the Options is subject to shareholder approval which DGR proposes to seek by 31/01/2025.

If for any reason shareholder approval is not obtained by 31 January 2025 then the Choice Loan is repayable in full on demand and in addition to any principal and interest and other fees, costs and expenses then outstanding including default interest, a break fee of \$1,000,000 is payable to Samuel.

Further details of the proposed terms of Options (**Option Terms**) are set out in the Schedule on next page.

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## SCHEDULE – OPTION TERMS

### A. EXERCISE PRICE

The exercise price of each Option (**Exercise Price**) is the lower of:

- (i) \$0.03; and
- (ii) If, while any amounts owing under the **Agreement** remain outstanding the Company makes an issue of Equity Securities (other than the Options and any Equity Securities issued pursuant to an ESOP capped at 5% of the issued Shares of the Company as at the date of this document) and the issue price of the Equity Security (or in the case of options or convertible securities the price at which Shares would be issued under the Equity Security) is less than \$0.03 and the diluted percentage of those Equity Securities exceeds 15% of the number of Shares on issue as at the date of this document:
  - a) The Adjusted Price; or

- b) In the case of a series of issuances, the volume weighted Adjusted Price in relation to those issuances.

For the purposes of determining the Exercise Price:

**Adjusted Price** means the price calculated in accordance with the following formula:

**(A + B) / C**, where:

- **A** = Market capitalisation of the Company on the Trading Day immediately prior to the issue of the Equity Securities.
- **B** = The number of Equity Securities the subject of the issue, multiplied by their issue price, and
- **C** = The number of Shares on issue immediately prior to the issue of Equity Securities plus the fully diluted number of the issued Equity Securities. Paragraph (ii) above may apply on more than one occasion and in respect of any set of consecutive issuances (in which case the lowest value will apply).

#### **B. EXERCISE PERIOD**

- (i) The Options may be exercised during the period (**Exercise Period**) commencing on the date of the Option issuance and expiring on the date that is 3 years after the later of (a) the date funds are first drawn under the **Agreement** and (b) the date of the Option issuance (**Expiry Date**).
- (ii) Any Options not exercised by the Expiry Date will automatically lapse.

#### **C. ENTITLEMENT**

Each Option entitles the holder to subscribe for one fully paid Share upon exercise of the Option and payment of the Exercise Price prior to the Expiry Date.

#### **D. TERMS OF EXERCISE**

The Options may be exercised in whole or in part. The minimum number of Options that can be exercised is an amount equal to \$250,000 divided by the applicable Exercise Price for the Options unless the Option holder holds a number of Options that can be exercised is an amount less than \$250,000 divided by the applicable Exercise Price for the Options in which case all Options must be exercised at one time.

Options may be exercised by giving written notice to the Company, together with payment of an amount equal to the Exercise Price multiplied by the number of Options being exercised, at any time during the Exercise Period.

#### **E. ISSUE OF SHARES**

- (i) The Company must within 5 Business Days of receiving a valid notice of exercise and payment of the Exercise Price issue the Shares to the Option holder.
- (ii) Shares issued pursuant to the exercise of Options will rank equally in all respects with all other Shares on issue.
- (iii) On the date of issuance of Shares pursuant to the valid exercise of Options the Company must:
- a) Give to ASX a Cleansing Notice and an Appendix 3B with respect to those Shares, and
  - b) Apply to ASX for official quotation of those Shares.

#### **F. RIGHTS TO PARTICIPATE**

Holders of Options do not have any right to participate in new issues of securities in the Company made to Shareholders generally during the currency of the Options without exercising the Option. However, the Company will ensure that for the purposes of determining entitlements to any such issue the record date will be as set forth under the ASX Listing Rules after the issue is announced giving the holders of Options the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.

#### **G. QUOTATION**

The Options will not be quoted. The Company shall apply for listing of the resultant shares of the Company issued upon exercise of any Option.

#### **H. TRANSFER**

Holders of Options may transfer the Options to a Related Party or nominate a Related Party to receive Shares issued upon exercise of Options. The Options may not otherwise be transferred during the term of the Facility **Agreement**.

#### **I. CAPITAL REORGANISATION**

If, at any time, the issued capital of the Company is reconstructed (including consolidation, sub-division, reduction or return) all rights of holders of Options will be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

#### **J. BONUS ISSUES**

If the Company makes a bonus issue to Shareholders, and no Share has been issued in respect of any Options before the record date for determining entitlements to the bonus issue, then the number of Shares over which that Option is exercisable will be increased in the manner permitted by the ASX Listing Rules applying at the time of the bonus issue.

#### **K. PRO RATA ISSUES**

If the Company makes a pro rata issue (other than a bonus issue) to existing Shareholders, and no Share has been issued in respect of any Options before the record date for determining entitlements to the pro rata issue, then the Exercise Price will be changed in the manner permitted by the ASX Listing Rules applying at the time of the pro rata issue.

#### **L. CHANGE OF OPTION TERMS**

The terms of the Options shall only be changed, if agreed between the Company and all holders of Options, if Shareholders (whose votes are not to be disregarded) approve of such a change. However, the Exercise Price, increase the number of Options or change any period for exercise of the Options must not be changed other than in accordance with the ASX Listing Rules and these terms and conditions.

*This ASX Announcement was authorised by the DGR Board of Directors*

Geoff Walker  
**Company Secretary**

## ABOUT DGR GLOBAL LIMITED

DGR Global's business involves the creation of resource exploration development and mining companies. The business uses the skills of a core team of talented geoscientists to identify resource projects capable of yielding world class discoveries of attractive commodities.

This is achieved through:

- The identification of commodities with a favourable 20-year price outlook.
- Geological terranes with:
  - A demonstrated strong endowment for that commodity.
  - An under-explored history.
  - Opportunity for the application of recently developed exploration techniques.
  - Jurisdictions with improving socio-economic and regulatory frameworks.
  - Extensive available tenures.

DGR provides initial seed funding and management support to secure assets in subsidiaries and develop these assets to more advanced funding stages. DGR has a pipeline of projects in group companies at various stages of emergence, and in 2015 crystallised a significant return through the sale of its 15% holding in Orbis Gold for \$26million.

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**FORWARD LOOKING STATEMENT** Statements & material contained in this ASX Release, particularly those regarding possible or assumed future performance, production levels or rates, commodity prices, resources or potential growth of DGR, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events & expectations and, as such, involve known and unknown risks & uncertainties. Although reasonable care has been taken to ensure facts stated in this Release are accurate and/or that the opinions expressed are fair & reasonable, no reliance can be placed for any purpose whatsoever on the information contained in this document or on its completeness. Actual results & developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors. Nothing in this Release should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.

*As a valued shareholder, you can now stay up to date of forces influencing the value of your investment in DGR Global by following us on Twitter. We regularly post information about the operations of us and the DGR companies as well as what is happening in our sectors around Australia and around the world – with links to documents in the media, brokers, and other authoritative sources so you can stay up to date. As well, our posts on Twitter will alert you to our latest ASX announcements. Join the hundreds who follow us on Twitter @DGRGlobal. We've also added to our website a corporate newsroom with monthly news flow concerning DGR and the DGR sponsored companies. Located under News Bank in the investor section of the DGR website: [www.dgrglobal.com.au](http://www.dgrglobal.com.au)*