



# **DART MINING NL**

ABN 84 119 904 880

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## **NOTICE OF ANNUAL GENERAL MEETING**

**and**

## **EXPLANATORY MEMORANDUM**

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### ***DATE AND TIME OF MEETING:***

**Friday, 29 November 2019  
at 11.00am (Melbourne time)**

### ***PLACE OF MEETING:***

**RSL House  
The Carlton Room  
Level 1, 4 Collins Street  
MELBOURNE, VICTORIA 3000**

***This Notice of Annual General Meeting and Explanatory Memorandum should be read in their 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.***

***Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on (03) 9642 0655.***



# DART MINING NL

ABN 84 119 904 880

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders of Dart Mining NL ("**Company**") will be held at Level 1, 4 Collins Street, Melbourne, Victoria on Friday, 29 November 2019 at 11.00am (Melbourne Time).

The Explanatory Memorandum which accompanies and forms part of this Notice of Meeting describes the various matters to be considered and contains a glossary of defined terms used in this Notice of Meeting.

## AGENDA

### ITEMS OF BUSINESS:

#### 1. FINANCIAL STATEMENTS

To receive and consider the Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to and forming part of the financial statements for the Company and its controlled entities for the financial year ended 30 June 2019.

#### 2. RESOLUTION 1: REMUNERATION REPORT

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

**THAT** the Remuneration Report of the Company for the year ended 30 June 2019 is adopted.

##### ***Voting exclusion statement***

A vote on **Resolution 1** must not be cast (in any capacity) by or on behalf of any of the following persons:

- a member of the key management personnel (**KMP**), details of whose remuneration are included in the Remuneration Report; or
- a closely related party of a KMP.

However, a person described above may cast a vote on the resolution if the vote is not cast on behalf of the persons described above and:

- the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; or
- the vote is cast by the Chairman and the proxy does not specify the way the proxy is to vote but the Chairman is expressly authorised to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a KMP.

Shareholders who intend to appoint the Company's Chairman as proxy (including an appointment by default) should have regard to the important information below under the heading "Important information concerning proxy votes on Resolution 1". The proxy form sets out the manner in which the Chairman intends to cast undirected proxies. The proxy form also contains the authority for the Chairman to cast undirected proxies.

#### 3. RESOLUTION 2: RE-ELECTION OF DIRECTOR

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

**THAT** Mr Luke Robinson, who retires by rotation in accordance with Rule 62 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.

**4. RESOLUTION 3: RATIFICATION OF PRIOR SHARE ISSUE (NOVEMBER 2018)**

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

**THAT**, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the issue by the Company of 71,428,571 fully paid ordinary shares to the allottee described in the Explanatory Memorandum to this Notice of Meeting that were each paid in full on application to the amounts and on the dates referred to in that Explanatory Memorandum, be and is hereby ratified and approved.

***Voting exclusion statement***

The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast in favour of **Resolution 3** by the person who participated in the issue the subject of this resolution and his associates.

However, the Company need not disregard a vote cast on the resolution if:

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

**5. RESOLUTION 4: RATIFICATION OF PRIOR SHARE ISSUE (MAY 2019)**

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

**THAT**, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the issue by the Company of 83,333,333 fully paid ordinary shares to the allottee described in the Explanatory Memorandum to this Notice of Meeting that were each paid in full on application to the amounts and on the dates referred to in that Explanatory Memorandum, be and is hereby ratified and approved.

***Voting exclusion statement***

The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast in favour of **Resolution 4** by the persons who participated in the issue the subject of this resolution and their respective associates.

However, the Company need not disregard a vote cast on the resolution if:

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

**6. RESOLUTION 5: RATIFICATION OF PRIOR SHARE ISSUE (JULY 2019)**

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

**THAT**, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the issue by the Company of 6,000,000 fully paid ordinary shares to the allottee described in the Explanatory Memorandum to this Notice of Meeting that were each paid in full on application to the amounts and on the dates referred to in that Explanatory Memorandum, be and is hereby ratified and approved.

***Voting exclusion statement***

The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast in favour of **Resolution 5** by the persons who participated in the issue the subject of this resolution and their respective associates.

However, the Company need not disregard a vote cast on the resolution if:

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

**7. RESOLUTION 6: RATIFICATION OF PRIOR SHARE ISSUES (OCTOBER 2019)**

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

**THAT**, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the issue by the Company of 53,000,000 fully paid ordinary shares to the allottees described in the Explanatory Memorandum to this Notice of Meeting that were each paid in full on application to the amounts and on the dates referred to in that Explanatory Memorandum, be and is hereby ratified and approved.

**Voting exclusion statement**

The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast in favour of **Resolution 6** by the persons who participated in the issue the subject of this resolution and their respective associates.

However, the Company need not disregard a vote cast on the resolution if:

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

**8. RESOLUTION 7: APPROVAL OF THE ISSUE OF OPTIONS TO JAMES CHIRNSIDE**

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

**THAT**, for the purposes of section 208 of the Corporations Act 2001 (Cth) and ASX Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the issue at no cost of 50,000,000 Options to the Managing Director, Mr James Chirnside on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting and that, the Deed (as defined in the accompanying Explanatory Memorandum) is hereby ratified, confirmed and approved and that those Options be issued immediately on the passing of this Resolution on the basis that upon issue such Options shall, subject to the passing of Resolution 7 of this Notice, be consolidated in the manner described in and immediately upon the passing of Resolution 7 and that, for the purposes of ASX Listing Rule 7.1 and ASX Listing Rule 7.2 Exception 14 approval be and is hereby given to the issue of all such free Options.

**Note:** The options issued under Resolution 7 will be issued to Mr James Chirnside, Managing Director. Further:

1. if Shareholder approval is given under ASX Listing Rule 10.11, Shareholder approval is not required under ASX Listing Rule 7.1;
2. Mr Chirnside will be granted 50,000,000 free Options, the details of which are described above and in the accompanying Explanatory Memorandum;
3. the exercise prices for the options are as follows: as to 25,000,000 Options, each will have an exercise price of \$0.015 (1.5 cents); and as to 25,000,000 Options, each will have an exercise price of \$0.02 (2 cents). All such Options shall expire on 5 May 2022, will have no vesting hurdle and will be granted within 1 month of the date of the Meeting and otherwise will be issued on the terms and conditions set out in the Schedule of the Explanatory Memorandum;
4. the terms and conditions of the Options referred to in this Resolution 7 and, other information relevant to Shareholders, are set out in the attached Explanatory Memorandum;
5. Shares issued as a result of the exercise of the Options will rank *pari passu* with ordinary shares in the Company; and
6. No funds will be raised as a result of the grant of free options to Mr Chirnside.

**Voting Exclusion Statement**

The Company will, for the purposes of the ASX Listing Rules and in accordance with section 224 of the *Corporations Act 2001* (Cth), disregard any votes cast on Resolution 7 by Mr James Chirnside and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**9. SPECIAL RESOLUTION 8: APPROVAL OF 10% PLACEMENT ISSUE**

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

**THAT**, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions described in the Explanatory Memorandum to this Notice of Meeting, be and is hereby approved.

**Voting exclusion statement**

The Company will, in accordance with ASX Listing Rule 14.11 disregard any votes cast in favour of **Special Resolution 8** by a person who may participate in the 10% Placement Issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this resolution is passed, and any associates of those persons.

However, the Company need not disregard a vote cast on the resolution if:

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

## 10. **RESOLUTION 9: CONSOLIDATION OF CAPITAL**

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

THAT, for the purposes of section 254H of the Corporations Act 2001 (Cth) and the Company's Constitution and for all other purposes, approval be and is hereby given for the Company to consolidate its issued capital on the basis that:

1. the issued capital of the Company be consolidated on the basis that every 20 fully paid ordinary shares in the capital of the Company be consolidated into one fully paid ordinary Share; and
2. the Options on issue (including, for clarity, any and all Options issued pursuant to Resolution 7 of this Notice) be adjusted in accordance with Listing Rule 7.22.1; and
3. where the number of Shares held by a member of the Company as a result of the consolidation effected by paragraph (a) and (b) of this Resolution includes any fraction of a share that fraction be rounded up.

### **PROXY NOTES**

Sections 250BB and 250BC of the *Corporations Act 2001* (Cth) ("Corporations Act") apply to voting by proxy. Shareholders and their proxies should be aware of the requirements under the Corporations Act, as they will apply to this meeting. Broadly:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

You should seek professional advice if you need any further information on this issue.

In accordance with section 249L of the Corporations Act, members are advised:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

In accordance with section 250BA of the Corporations Act, the Company specifies the following for the purposes of receipt of proxy appointments:

**Street Address:** Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000

**Postal Address:** Dart Mining NL, C/- Automic Group, GPO Box 5193, Sydney NSW 2001

**Online:** at Automic's website [www.investor.automic.com.au](http://www.investor.automic.com.au) in accordance with the instructions given (you will be taken to have signed your proxy form if you lodge it in accordance with the instructions given on the website).

Each member entitled to vote at the Annual General Meeting has the right to appoint a proxy to vote on the resolution to be considered at the meeting. The member may specify the way in which the appointed proxy is to vote on a particular resolution or may allow the appointed proxy to vote at its discretion. The instrument appointing the proxy must be received by the Company as provided in its Constitution not later than 48 hours before the time of the commencement of the Annual General Meeting.

For the purposes of Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) the Company determines that members holding Shares at 11.00am (Melbourne time) on Wednesday, 27 November 2019 will be entitled to attend and vote at the Annual General Meeting.

If the appointment is signed by an attorney, the power of attorney or a certified copy of it must be sent with the Proxy Form. If you have multiple holdings, please complete a Proxy Form for each holding.

A Proxy Form accompanies this Notice of Annual General Meeting.

## Important information concerning proxy votes on Resolution 1

The Corporations Act prohibits key management personnel (**KMP**) and their closely related parties voting in any capacity on the advisory resolution to adopt the Company's remuneration report and resolutions connected directly or indirectly with the remuneration of the Company's KMP. The Remuneration Report identifies the Company's KMP for the financial year ended 30 June 2019. They are the Directors of the Company (both executive and non-executive) and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Their 'closely related parties' include certain of their family members, dependants and companies they control.

However a KMP may cast a proxy where the proxy specifies in writing how the KMP is to vote (except proxies cast on behalf of another KMP). The Chairman is permitted to vote undirected proxies where the shareholder expressly authorises the Chairman to exercise the proxy.

If the Chairman of the Meeting is your proxy or is appointed you should either:

- direct the Chairman how to vote by mark any of the 'For', 'Against' or 'Abstain' boxes in the proxy form in respect of Resolution 1; or
- if you do not wish to direct the Chairman how to vote in respect of **Resolution 1** then you must mark the box indicated on page 1 of the proxy form if you wish the Chairman to exercise your proxy vote in respect of those resolutions. Marking this box will constitute an express authorisation by you directing the Chairman to vote your proxy in favour of Resolution 1. This express authorisation acknowledges that the Chairman may vote your proxy even if he or she has an interest in the outcome of Resolution 1. **If you do not mark this box and you have not directed your proxy how to vote, the Chairman will not cast your votes on Resolution 1 and your votes will not be counted in calculating the required majority if a poll is called on this resolution.**

## BODIES CORPORATE

A body corporate may appoint an individual as its representative to exercise all or any of the powers the body corporate may exercise at meetings of the members. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise on the body corporate's behalf all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

**The attached Proxy Form forms part of this notice. Please call (03) 9642 0655 if you have any questions regarding this Notice of Meeting, the Proxy Form or the Explanatory Memorandum.**

By Order of the Board

Julie Edwards  
Company Secretary  
21 October 2019

# DART MINING NL

ABN 84 119 904 880

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of shareholders of Dart Mining NL ("Company") in connection with the business to be conducted at the Company's Annual General Meeting to be held at Level 1, 4 Collins Street, Melbourne, Victoria on Friday, 29 November 2019 at 11.00am (Melbourne time).

All of the resolutions to be voted on are ordinary resolutions except for Special Resolution 8 (Item 9). Ordinary resolutions require a simple majority of votes cast by shareholders entitled to vote on the resolution. A Special Resolution (as defined in the *Corporations Act 2001*(Cth)), means a resolution (1) of which notice as set out in paragraph 249L(1)(c) of that Act has been given and (2) that has been passed by at least 75% of the votes cast by members entitled to vote of the resolution.

This Explanatory Memorandum is an important document and should be read carefully in its entirety by all shareholders, and in conjunction with the accompanying Notice of Meeting. Shareholders are strongly advised to consult their legal or financial advisers if they require further advice in connection with the matters contained in this Explanatory Memorandum.

## ITEMS OF BUSINESS: EXPLANATORY NOTES TO THE RESOLUTIONS

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### **ITEM 1: *The Company's Financial Statements and Reports and Shareholder Questions***

The Corporations Act requires the Company to lay its Financial Report, Directors' Report and Auditor's Report for the last financial year before the Annual General Meeting. No resolution is required for this item, but shareholders will be given the opportunity to ask questions and to make comments on the reports and the management of the Company.

The Company's Auditor will also be present at the meeting and shareholders will be given the opportunity to ask the Auditor questions including about the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies adopted by the Company and the independence of the Auditor.

The Company's Annual Report 2019 is available on its website: [www.dartmining.com.au](http://www.dartmining.com.au)

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### **ITEM 2 (Resolution 1): *Remuneration Report***

The Annual Report for the year ended 30 June 2019 contains a Remuneration Report which sets out the remuneration policy for the Group and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors. A copy of the report is set out on pages 6 - 8 of the Company's Financial Report for the year ended 30 June 2019 and can also be found on the Company website at [www.dartmining.com.au](http://www.dartmining.com.au).

Under the provisions of the Corporations Act and subject to the qualifications in the paragraph below, the shareholder vote is advisory only and will not require the Company to alter any arrangements detailed in the Remuneration Report, should the resolution not be passed. Notwithstanding the legislative effect of this requirement, the Board has determined that it will take the outcome of the vote into consideration when considering the remuneration policy.

In addition, the Corporations Act provides that, if a company's remuneration report receives a 'no' vote of 25 per cent or more at two consecutive annual general meetings, a resolution must then be put to shareholders at the second annual general meeting as to whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election. So, in summary, while the shareholder vote on a Remuneration Report is advisory in respect of that Remuneration Report, shareholders will be entitled to vote in favour of holding a general meeting to re-elect the Board if the Remuneration Report receives "2 strikes".

Shareholders will be given the opportunity to ask questions and to make comments on the Remuneration Report.

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### **ITEM 3 (Resolution 2): Re-Election of Director**

Item 3 on the agenda seeks approval for the re-election of Mr Luke Robinson who is retiring by rotation under Rule 62(1) of the Company's Constitution. This Rule states that "*Subject to the Listing Rules and Article 66(7), at each Annual General Meeting one-third of the Directors or, if their number is not a multiple of three, then the number nearest to but not more than one-third of the Directors must retire from office*".

Mr Robinson is eligible for re-election under Rule 62(5) of the Company's Constitution and offers himself for re-election as a Director of the Company.

**The Board (other than Mr Robinson who has an interest in resolution 2) recommends the re-election of Mr Robinson.**

#### **Mr Luke Robinson**

##### **Non-Executive Director, appointed 18 June 2015**

Luke Robinson has worked in Financial Markets for in excess of 20 years with a number of stockbroking and advisory firms including Phillip Capital and Citi Group.

Recently he has worked as an executive director of Melanesian Exploration, a privately held company, where he was responsible for researching, identifying and acquiring mainly petroleum assets in Papua New Guinea. Luke was a senior client advisor with Philip Capital where he was responsible for advising Institutional and Sophisticated individual investors in the Australian share market. Luke's main focus was in resources companies including mining and energy where he originated and distributed capital raisings for small and mid-sized companies. Luke holds a B. Sc. in Microbiology from the University of Melbourne.

**The Board (other than Mr Robinson who has an interest in Resolution 2) recommends the re-election of Mr Robinson.**

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### **ITEM 4 (Resolution 3): Ratification of Prior Share Issue (November 2018)**

#### **Background**

On 29 November 2019, the Company issued 71,428,571 fully paid ordinary shares to a sophisticated investor in a private placement.

**Resolution 3** seeks shareholder ratification for the allotment and issue on the date referred to above of 71,428,571 Shares which will have the effect of "refreshing" the Company's 15% limit for the issue of securities under the ASX Listing Rules. Not only will this approval give the Company the capacity to raise additional capital (to the 15% limit) without the need for shareholder approval, it provides the benefit of giving the Company flexibility in its funding endeavours.

#### **Resolution 3: Specific information required by ASX Listing Rule 7.5**

For the purposes of ASX Listing Rule 7.5 the following information is provided in relation to the share issues described in **Resolution 3**:

- (a) 71,428,571 fully paid ordinary shares were issued and allotted on 29 November 2018;
- (b) the issue price of each of those Shares is A\$0.007;
- (c) the Shares issued are fully paid ordinary shares in the Company and rank equally in all respects with the Company's existing Shares on issue;
- (d) the Share issue was made to Mr Jim Mellon, who is not a related party to the Company; and
- (e) the funds raised from the share issue were used by the Company for its exploration expenditure requirements and general working capital.

A Voting Exclusion Statement is set out in the Notice of Annual General Meeting which this Explanatory Memorandum accompanies.

**The Directors unanimously recommend Shareholders vote in favour of Resolution 3.**



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## **ITEM 5 (Resolution 4): Ratification of Prior Share Issue (May 2019)**

### **Background**

On 15 May 2019, the Company issued 83,333,333 fully paid ordinary shares to a sophisticated investor in a private placement.

**Resolution 4** seeks shareholder ratification for the allotment and issue on the date referred to above of 83,333,333 Shares which will have the effect of “refreshing” the Company’s 15% limit for the issue of securities under the ASX Listing Rules. Not only will this approval give the Company the capacity to raise additional capital (to the 15% limit) without the need for shareholder approval, it provides the benefit of giving the Company flexibility in its funding endeavours.

### **Resolution 4: Specific information required by ASX Listing Rule 7.5**

For the purposes of ASX Listing Rule 7.5 the following information is provided in relation to the share issues described in **Resolution 4**:

- (a) 83,333,333 fully paid ordinary shares were issued and allotted on 15 May 2019;
- (b) the issue price of each of those Shares is A\$0.006;
- (c) the Shares issued are fully paid ordinary shares in the Company and rank equally in all respects with the Company’s existing Shares on issue;
- (d) the Share issue was made to Mr Jim Mellon, who is not a related party to the Company; and
- (e) the funds raised from the share issue were used by the Company for its exploration expenditure requirements and general working capital.

A Voting Exclusion Statement is set out in the Notice of Annual General Meeting which this Explanatory Memorandum accompanies.

**The Directors unanimously recommend Shareholders vote in favour of Resolution 4.**

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## **ITEM 6 (Resolution 5): Ratification of Prior Share Issue (July 2019)**

### **Background**

On 5 April 2019, the Company announced the acquisition of a granted exploration licence EL006016, located near Rushworth in Central Victoria from Ostract Pty Ltd ACN 084 250 742. On 31 July 2019 Dart Mining paid Ostract Pty Ltd \$30,000 cash and issued 6,000,000 fully paid ordinary shares as consideration for the acquisition.

**Resolution 5** seeks shareholder ratification for the allotment and issue on the date referred to above of 6,000,000 Shares which will have the effect of “refreshing” the Company’s 15% limit for the issue of securities under the ASX Listing Rules. Not only will this approval give the Company the capacity to raise additional capital (to the 15% limit) without the need for shareholder approval, it provides the benefit of giving the Company flexibility in its funding endeavours.

### **Resolution 5: Specific information required by ASX Listing Rule 7.5**

For the purposes of ASX Listing Rule 7.5 the following information is provided in relation to the share issues described in Resolution 5:

- (a) 6,000,000 fully paid ordinary shares were issued and allotted on 31 July 2019;
- (b) the issue price of the Shares was \$nil with a fair value of \$30,000;
- (c) the Shares issued are fully paid ordinary shares in the Company and rank equally in all respects with the Company’s existing Shares on issue;
- (d) the Share issue was made to Ostract Pty Ltd ACN 084 250 742, which is not a related party to the Company; and

- (f) no funds were raised as a result of the issue of the Shares; the Shares were issued in consideration for the acquisition of the following tenement:
- Exploration Licence EL006016.

A Voting Exclusion Statement is set out in the Notice of Annual General Meeting which this Explanatory Memorandum accompanies.

**The Directors unanimously recommend Shareholders vote in favour of Resolution 5.**

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## **ITEM 7 (Resolution 6): Ratification of Prior Share Issues (October 2019)**

### **Background**

On 11 October 2019, the Company issued 53,000,000 fully paid ordinary shares to sophisticated investors in a private placement.

**Resolution 6** seeks shareholder ratification for the allotment and issue on the date referred to above of 71,428,571 Shares which will have the effect of “refreshing” the Company’s 15% limit for the issue of securities under the ASX Listing Rules. Not only will this approval give the Company the capacity to raise additional capital (to the 15% limit) without the need for shareholder approval, it provides the benefit of giving the Company flexibility in its funding endeavours.

### **Resolution 6: Specific information required by ASX Listing Rule 7.5**

For the purposes of ASX Listing Rule 7.5 the following information is provided in relation to the share issues described in **Resolution 6**:

- (a) 53,000,000 fully paid ordinary shares were issued and allotted on 11 October 2019;
- (b) the issue price of each of those Shares is A\$0.006;
- (c) the Shares issued are fully paid ordinary shares in the Company and rank equally in all respects with the Company’s existing Shares on issue;
- (d) the Share issue was made to sophisticated investors, who are not related parties to the Company; and
- (e) the funds raised from the share issue were used by the Company for its exploration expenditure requirements and general working capital.

A Voting Exclusion Statement is set out in the Notice of Annual General Meeting which this Explanatory Memorandum accompanies.

**The Directors unanimously recommend Shareholders vote in favour of Resolution 6.**

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## **ITEM 8 (Resolution 7): Approval of the issue of options to Mr James Chirnside**

The Company has, by Deed of Grant of Options dated 15 October 2019 (“Deed”), resolved to grant Mr Chirnside a total of 50,000,000 options to acquire fully paid ordinary shares (“Options”), all having an expiry date of 5 May 2022. 25,000,000 of such Options (referred to in the Deed as “Tranche One”) will each be exercisable at \$0.015 (1.5 cents), and the other 25,000,000 Options (referred to in the Deed as “Tranche Two”) will each be exercisable at \$0.025 (2 cents). A copy of the Deed is annexed hereto. Mr Chirnside was not present at the Board meeting when the Board resolution to grant the Options was considered or when the resolution was passed.

This Resolution 7 seeks approval to issue for no consideration 50,000,000 Options to Mr James Chirnside, the Company’s Managing Director, as an incentive, and to approve the Deed under which the Options are being granted and, consequently, the grant thereof under that Deed with approval of members. The Deed *inter alia* provides that if it is not confirmed, ratified and approved by members in general meeting, the Condition Subsequent to which the Deed is subject, namely members’ approval, will not be satisfied and the Deed will become rescinded *ab initio* with no rights having accrued to Mr Chirnside thereunder: in like manner as if the Deed had never been entered into. In addition, the Deed provides that if there is a conflict between the terms of the Options and ASX Listing Rules or mandatory requirements, the requirements of ASX shall prevail to the extent of the inconsistency.

Resolution 7 is an ordinary resolution.

**The Board (except Mr Chirnside, who has a material personal interest in this Resolution) recommends that Shareholders vote in favour of Resolution 7.**

## 1.1 Background

The broad remuneration policy of the Company, as set out in the Remuneration Report which forms part of the Directors' Report in the Company's 2019 Annual Report, is to ensure that the remuneration package of key management personnel reflects their duties and responsibilities and is competitive in attracting, retaining and motivating people of the highest quality. The non-executive Directors, being all the Directors other than Mr Chirnside, have reviewed Mr Chirnside's remuneration package and recommend the issue of the Options to Mr Chirnside based on the following considerations:

- (a) Mr Chirnside's overall level of remuneration for the previous financial year, as set out in the Remuneration Report in the Company's 2019 Annual Report and summarised in paragraph 1.2(m) below;
- (b) the services provided by Mr Chirnside to the Company over the past four years;
- (c) the importance of providing an option-based incentive to Mr Chirnside for a continuing high level of service in future; and
- (d) the general level of remuneration of other executives with similar roles to Mr Chirnside in the mineral exploration industry.

## 1.2 Chapter 2E of the Corporations Act – Related Party Transaction

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior shareholder approval is obtained for the giving of the financial benefit.

For the purposes of Chapter 2E, Mr Chirnside, being a director of the Company, is a related party of the Company.

In accordance with Section 219 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed issue of options to Mr Chirnside:

*The related parties to whom the proposed resolutions would permit the financial benefit to be given:*

- (c) The related party to whom the financial benefit will be given is Mr James Miller Chirnside and that financial benefit will be given within 1 month of the passing of Resolution 7.

*The nature of the financial benefit:*

- (d) The only Director to have an interest in the outcome of the proposed resolution is Mr Chirnside and his financial benefit is that he will become the holder of 50,000,000 Options and the recipient of any financial benefit attached thereto.

*Directors' recommendations:*

- (e) Each Director (other than Mr Chirnside) wishes to make a recommendation in relation to the Resolution. Each Director (other than Mr Chirnside) recommends to Shareholders that they vote in favour of Resolution 7 to grant Mr Chirnside the free Options for the reasons set out in section 1.1 ("Background") above and for the reasons set out in matters referred to under the heading *Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its directors* below, and, in particular because:
  - (i) the exercise price of each tranche of Options is at a significant premium to both the current share price of \$0.007 and the Volume Weighted Average Price (VWAP) of the shares over the last 3 months to 15 October 2019 of \$0.006. In the case of the Options exercisable at \$0.015 (1.5 cents) that is a premium of between 214% and 250%. In the case of the Options exercisable at \$0.02 that is a premium of between 286% and 333%. This means that for Mr Chirnside to receive a meaningful benefit from the Options, the share price would need to increase significantly. (See paragraphs (g) to (m) below);
  - (ii) any financial benefit derived by Mr Chirnside is a non-financial benefit and, in practical terms will only accrue in the circumstances referred to in (i) above;
  - (iii) neither the grant of the Options nor their possible exercise would have any significant effect on control of the Company. (See paragraph (o) below).

*Interests of Director:*

- (f) Mr Chirnside does not wish to make a recommendation to Shareholders in respect of Resolution 7 because he has a material personal interest in the outcome of the resolution.

*Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its directors:*

- (g) The number of options proposed to be issued to Mr Chirnside is 50,000,000 Options, for no consideration. The Options and the exercise of the Options are issued subject to the terms and conditions set out in the Schedule of this Explanatory Memorandum.
- (h) The grant of the Options is not linked to the Company's performance, and there are no vesting hurdles. There are no formal or legal restrictions on transfer or exercise of the Options. However, from a commercial and financial point of view, exercise or transfer to any independent third party is highly unlikely unless there is a very substantial increase in the Company's share price.
- (i) The Company will not apply to ASX for official quotation of the Options to be issued to Mr Chirnside. The market price of the Company's Shares during the term of the Options will normally determine whether or not the holder of the Option exercises the Option. At the time any Options are exercised and Shares issued pursuant to the exercise of the Options, the Company's Shares may be trading on ASX at a price which is higher than the exercise price of the Options.
- (j) Mr Chirnside will receive a financial benefit from the grant of the Options. In relation to the 50,000,000 Options to be granted to Mr Chirnside, it is not however intended to apply for official quotation of those Options on ASX. As the Options will not be quoted on ASX they will, from a practical viewpoint, have a lesser value as the market for the Options, as an unlisted security, will be limited and because, to obtain any inherent value in the Options, Mr Chirnside may have to exercise them to acquire ordinary shares (which will be listed and tradeable on ASX). The fully paid ordinary shares of the Company have been traded on ASX since 10 May 2007. Over the last 12 months up to 15 October 2019 (15 October 2019 having been chosen as the most recent date prior to the date of this Notice), the shares have traded in the range between \$0.004 and \$0.008 per Share, with a share price of \$0.007 being the most recent closing price prior to 15 October 2019. The VWAP for the past 3 months to 15 October 2019 is \$0.006. The Options are capable of being converted to Shares by payment of the exercise price, namely: as to 25,000,000 Options, each will have an exercise price of \$0.015 (1.5 cents); and, as to 25,000,000 Options, each will have an exercise price of \$0.02 (2 cents).
- (k) However, from a practical viewpoint, those Options confer no significant benefit on Mr Chirnside unless they are exercised and it is exceptionally unlikely that they would be exercised unless the then Share price at the time of proposed exercise exceeds the exercise price by a sufficient margin to justify their exercise. For the first tranche of 25 million Options to be exercised (at an aggregate exercise price of \$375,000.00) would likely require the Share price to exceed \$0.015 (1.5 cents) by a sufficient margin for a reasonable period to justify exercise. For the second tranche of 25 million Options to be exercised (at an aggregate exercise price of \$500,000.00) would require the Share price to exceed \$0.02 (2 cents) by a sufficient margin for a reasonable period to justify exercise.
- (l) Options are priced using a Black-Scholes model. Expected volatility is based on the historical share price volatility of the Company over the reporting period, therefore a volatility of 90% has been selected in valuing the Options. A risk free rate of 0.6% has been used in valuing the Options, which rate is based on the current Treasury Bond yields with a maturity approximating the expiry date of the Options. The assessed fair value of the Options to be issued to Mr Chirnside as follows:

	<i>Tranche 1 Options</i>	<i>Tranche 2 Options</i>	<i>Total</i>
Value per security	\$0.0026	\$0.0021	
Value per tranche	\$65,000	\$52,500	\$117,500

### Assumptions

Set out below are the assumptions that were selected in arriving at an indicative value of the options.

- (i) A share price of \$0.007 based on the current share price of the underlying shares on 15 October 2019 of \$0.007 and the volume weighted average share price (VWAP) for the 30 day period ending 15 October 2019 of \$0.007.
  - (ii) A volatility percentage of 90% has been selected based on the historical volatility of share price returns for Dart Mining and comparable companies in the metals and mining industry listed on the ASX.
  - (iii) The options issued have an exercise price of \$0.015 and \$0.02.
  - (iv) The options vest immediately on grant date
  - (v) The proposed options will expire approximately 2.5 years after their grant date
  - (vi) Risk free rate of 0.6% based on the current Treasury Bond yields with a maturity approximating the expiry date of the options.
  - (vii) The company does not have a history of paying dividend and as such we assumed that no dividends will be paid during the currency of the options.
- (m) However, the actual financial benefit to be derived by Mr Chirside (or his nominee) from the grant of the Options may be greater or less than the value attributed thereto by that methodology as the actual benefit to be derived will depend on the future price of Shares in the Company.
- (n) Additionally, as the Options will not be officially quoted on ASX the value thereof may, as noted above, be less than if they were quoted because of the market for them being restricted which may mean Mr Chirside (or his nominee) has to exercise them to derive the inherent value therein.
- (o) There is no effect on Mr Chirside's voting power of the acquisition by him of the Options. If all of the Options granted are exercised, and no existing options on issue are exercised and that no other shares are issued, then Mr Chirside's voting power would increase from 0.5% to 5.2%. By way of comment, it is highly unlikely that no further shares will be issued prior to the likely exercise price of either tranche of the Options given the Company's existing financial resources and its proposed exploration and development programs as advised to the market or referred to in the Company's Annual report which accompanies this Explanatory Memorandum.
- (p) As at the date of this Notice, Mr Chirside has the following interests (direct and indirect) in the securities of the Company:

<b>Director</b>	<b>Number of Shares held as at the date of the Notice</b>	<b>Total Number of Shares held after implementation of Resolution 7 assuming all Options exercised by Mr Chirside</b>	<b>% of Shares on issue<sup>1</sup></b>
James Chirside	5,940,595	55,940,595	5.2

**Note 1:** assumes the capital of the Company remains at 1,070,376,136 Shares on issue as at the date of the Notice and that no existing options on issue are exercised.

- (q) The remuneration of Mr Chirside (as a Director) for the last audited financial year ended 30 June 2019 is as follows:

<b>Year Ended 30 June 2019</b>	<b>Salary</b>	<b>Superannuation</b>	<b>Number of Options granted</b>	<b>Value of options granted</b>	<b>Total</b>
	\$180,000	\$17,100	Nil	Nil	\$197,100

- (r) Each Director notes that there are no benefits forgone by the Company in issuing the Options to Mr Chirside. Further, the Directors do not consider there are any commercial or economic or other adverse effects on the Company from making any such issue to Mr Chirside. There are no opportunity costs foregone in making such issue and there is no adverse effect on the control of the Company associated therewith.
- (s) To the knowledge of the Directors, there is no other information reasonably required by Shareholders in order to decide whether or not it is in the interest of Shareholders to pass the proposed Resolution 7.

### 1.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party of the Company (which includes a Director).

If Resolution 7 is passed, Mr Chirnside will be issued Options. Accordingly, approval for the issue of securities to Mr Chirnside, as a related party of the Company, is required pursuant to the ASX Listing Rule 10.11. Approval of shareholders is being sought under Resolution 7 pursuant to ASX Listing Rule 10.11 for the issue of 50,000,000 Options to Mr Chirnside. Consequently, in accordance with, ASX Listing Rule 7.2 (Exception 14), shareholder approval under ASX Listing 7.1 is not required for the issue of those options.

### 1.4 Specific information required by ASX Listing Rule 10.11

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolution 7 (Agenda Item 8):

	<b>Required Disclosure under Listing Rule 10.13</b>	<b>Disclosure</b>
1.	<i>The name of the Director:</i>	Mr James Miller Chirnside.
2.	<i>The Securities will be issued to:</i>	Mr James Miller Chirnside.
3.	<i>The maximum number of Securities to be issued:</i>	50,000,000 options to subscribe for fully paid ordinary shares.
4.	<i>The date by which the Securities will be issued:</i>	The Options will be issued as soon as is practicable after the Meeting, but in any event will be issued no later than 1 month after the Meeting.
5.	<i>The issue price of the Securities:</i>	Nil.
6.	<i>The terms of issue of the Securities:</i>	The terms and conditions relating to the Options are set out in the Schedule of this Explanatory Memorandum.
7.	<i>The intended use of funds raised:</i>	No funds will be raised from the grant of Options. However, if all the Options are exercised, based on an Exercise Price of \$0.015 for 25M Options and an exercise price of \$0.02 for 25M Options, the exercise of the Options would result in an additional \$875,000 of working capital being received by the Company.

A voting exclusion statement is included in the Notice of Annual General Meeting which this Explanatory Memorandum accompanies.

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## ITEM 9 (Special Resolution 8): Approval of 10% Placement Facility

### General

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities (as that term is defined in the ASX Listing Rules) up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1. An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to Section 7.2(c) below). The Company may use funds raised from any 10% Placement Facility for its exploration expenditure requirements and general working capital.

**The Directors of the Company believe that Special Resolution 8 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.**

## 1. Description of ASX Listing Rule 7.1A

### (a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

### (b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of the Notice, the Company, has two classes of Equity Securities on issue being Shares and unlisted Options.

### (c) Formula for calculating 10% Placement Facility

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

**A** is the number of shares on issue 12 months before the date of the issue or agreement:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rules 7.1 and 7.4;
- (D) less the number of fully paid shares cancelled in the 12 months.

*Note that A has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.*

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rules 7.1 or 7.4.

### ASX Listing Rule 7.1 and ASX Listing Rule 7.1A

The ability of an entity to issue Equity Securities under ASX Listing Rule 7.1A is in addition to the entity's 15% placement capacity under ASX Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to Section 7.2(c) above).

### (d) Minimum Issue Price

The issue price of Equity Securities issued under ASX Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

### (e) 10% Placement Period

Shareholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

## **2. ASX Listing Rule 7.1A**

The effect of Special Resolution 8 will be to allow the Directors to issue the Equity Securities under ASX Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

Resolution 8 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 Shareholder, by a corporate representative).

## **3. Specific Information required by ASX Listing Rule 7.3A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Special Resolution 8 is approved by the Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of unlisted options, only if the unlisted options are exercised). There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of this Notice of Meeting.

The table also shows:

- (i) two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary shares the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a prorata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.



Variable "A" in ASX Listing Rule 7.1A.2 (number of shares on issue)	50% decrease in Issue Price \$0.0035		Issue Price \$0.007		100% Increase in Issue Price \$0.014	
	10% Voting Dilution	Funds raised \$	10% Voting Dilution	Funds raised \$	10% Voting Dilution	Funds raised \$
<b>1,070,376,136</b> (current)	107,037,613	\$374,632	107,037,613	\$749,263	107,037,613	\$1,498,527
<b>1,605,564,204</b> (50% increase in current Variable A)	160,556,420	\$561,847	160,556,420	\$1,123,895	160,556,420	\$385,476
<b>2,140,752,272</b> (100% increase in current Variable A)	214,075,227	\$749,263	214,075,227	\$1,498,527	214,075,227	\$2,997,053

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum securities available under the ASX Listing Rule 7.1A being 10% of the Company's shares on issue at the date of the Meeting;
  - (ii) No options are exercised into fully paid ordinary securities before the date of the issue of securities under ASX Listing Rule 7.1A. The Company has 25,000,000 unlisted Options on issue at the date of this Notice of Meeting;
  - (iii) The table does not demonstrate an example of dilution that may be caused to a particular shareholder by reason of placements under ASX Listing Rule 7.1A, based on that shareholder's holding at the date of the Meeting;
  - (iv) The table only demonstrates the effect of issues of securities under ASX Listing Rule 7.1A. It does not consider placements made under ASX Listing Rule 7.1, the "15% rule";
  - (v) The price of ordinary securities is deemed for the purposes of the table above to be \$0.007, being the closing price of the Company's listed securities on ASX on 15 October 2019 (**Deemed Price**). The Deemed Price is indicative only and does not consider the 20% discount to market that the securities may be placed at;
  - (vi) The table does not demonstrate the effect of listed or unlisted options being issued under ASX Listing Rule 7.1A, it only considers the issue of the fully paid ordinary securities.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 8 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities or ASX Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of new resources assets and investments (although the Company presently has no proposal to do so). In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital, or if applicable, towards the acquisition of new assets or investments (including expense associated with such acquisition).

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice of Meeting but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company were to pursue an acquisition and were it to be successful in acquiring new resources assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

- (e) The Company has previously obtained Shareholder approval under ASX Listing Rule 7.1A at its Annual General Meeting held on 27 November 2018.
- (f) A voting exclusion statement is included in the Notice of Meeting to which this Explanatory Memorandum relates. At the date of that Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

#### **4. Additional Information required by ASX Listing Rule 7.3A.6**

As the Company has previously obtained approval under Listing Rule 7.1A, the following additional information as prescribed by that Rule is provided:

**Listing Rule 7.3A.6(a):** Total equity securities issued in previous 12 months:

<b>Listing Rule 7.3A.6(a)</b>	<b>Shares</b>	<b>Listed Options</b>	<b>Unlisted Options</b>
Number of equity securities on issue at commencement of 12 month period	856,614,232	419,830,574	Nil
Equity securities issued in prior 12 month period <sup>1</sup>	213,761,904	Nil	25,000,000
Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	25%	0%	100%

**Note 1:** see the table on the following pages for details of equity securities issued in the previous 12 months.

**Listing Rule 7.3A.6(b):** Details of equity securities issued in previous 12 months

Date of Issue:	Number Issued:	Class/ Type of equity security:	Summary of terms:	Names of persons who received securities or basis on which those persons was determined:	Price at which equity securities were issued:	Discount to market price (if any):	For cash issues:				For non-cash issues:	
							Total cash consideration received:	Amount of cash consideration spent:	Use of cash consideration:	Intended use for remaining amount of cash (if any):	Non-cash consideration paid:	Current value of that non-cash consideration:
29/11/18	71,428,571	Fully paid ordinary shares	Shares rank pari passu with all other fully paid ordinary shares on issue in the Company	Unrelated Sophisticated investor, Mr Jim Mellon	\$0.007	None	\$500,000	\$500,000	Development and working capital	N/A	N/A	N/A
28/3/19	25,000,000	Unlisted options	Options with an exercise price of \$0.02 and an expiry date of 28/03/22.	Veritas Securities Limited as corporate and strategic advisor	Nil cash consideration	N/A	Nil	N/A	N/A	N/A	\$75,000	\$47,500
15/5/19	83,333,333	Fully paid ordinary shares	Shares rank pari passu with all other fully paid ordinary shares on issue in the Company	Unrelated Sophisticated investor, Mr Jim Mellon	\$0.006	None	\$500,000	\$500,000	Development and working capital	N/A	N/A	N/A
31/7/19	6,000,000	Fully paid ordinary shares	Shares rank pari passu with all other fully paid ordinary shares on issue in the Company	Ostract Pty Ltd for Exploration Licence	Nil cash consideration	None	Nil	N/A	N/A	N/A	\$30,000	\$42,000
11/10/19	53,000,000	Fully paid ordinary shares	Options with an exercise price of \$0.01 and an expiry date of 28/02/19.	Unrelated Sophisticated investors placed by Panthea Capital Pty Ltd	\$0.006	14%	\$318,000	\$100,000	Development and working capital	Development and working capital	N/A	N/A

**The Directors unanimously recommend Shareholders vote in favour of Special Resolution 8.**

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## **ITEM 10 (Resolution 9): Consolidation of Capital**

The Company proposes to consolidate its share capital through the conversion of every 20 ordinary shares in the Company into 1 ordinary share in the Company.

Under section 254H of the Corporations Act 2001, a company may consolidate its shares if the consolidation is approved by an ordinary resolution of shareholders at a general meeting.

Listing Rule 7.20 provides that if any entity proposes to reorganise its capital, it must advise shareholders of certain matters, which are set out below. No voting exclusions apply, and all shareholders can vote on the resolution.

### **1. Reasons for the Consolidation**

The Company has 1,070,376,136 shares on issue following completion of various previous equity-based capital raisings. For a company of this size, this is a very large number of securities to have on issue and it subjects the Company to a number of disadvantages including:

- (a) additional share price volatility arising from the fact that the minimum permissible share price movement permitted by the ASX (being 0.1 cent) represents a higher proportion of the Company's share price than it would if the Company had a greater share price;
- (b) the large number of shares on issue is disproportionate to that of comparable companies; and
- (c) negative perceptions associated with a low share price.

The Directors consider that a share consolidation would assist in mitigating these disadvantages. The Directors also consider that the share consolidation will result in a more appropriate and effective capital structure for the Company and a share price that is more attractive to a wider range of investors, particularly overseas investors.

Although the share consolidation has no direct effect on the underlying value of the Company, shareholders should appreciate that the value of the Company's shares on ASX (and in turn the Company's market capitalisation) post consolidation is subject to a range of factors beyond the control of the Company.

### **2. Effect on Shares**

If the proposed share consolidation is approved by the Company's shareholders, the number of the Company's shares on issue will be reduced from 1,070,376,136 shares to approximately 53,518,807 shares. As the consolidation applies equally to all shareholders, individual shareholdings will be reduced in the same ratio as the total number of the Company's shares (subject only to the rounding of fractions, where fractions will be rounded up to the nearest whole number). It follows that the consolidation will have no effect on the percentage interest of each individual shareholder.

By way of illustrative example, if a shareholder currently has 1,000,000 shares, representing approximately 0.03% of the Company's issued capital, then if the share consolidation is approved and implemented, the shareholder will have 10,000 shares following the consolidation, still representing the same 0.03% of the

Company's issued capital.

The share consolidation will not otherwise result in any change to the rights and obligations of the Company's shareholders. The Company's balance sheet will also remain unaltered as a result of the share consolidation.

### **3. Effect on Options**

The Company has unlisted options on issue. In accordance with the option terms and ASX Listing Rule 7.22, these options will be consolidated on the same basis as the shares. That is, every 20 options will be consolidated into 1 option, and their exercise price amended in inverse proportion to the consolidation ratio. Any fractional entitlements will be rounded up to the nearest whole number.

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If the proposed consolidation is approved by the Company's shareholders, the effect of the consolidation on the number and exercise price of options is set out below.

	Pre-consolidation		Post-consolidation	
Expiry Date	Exercise Price	Number	Exercise Price	Number
12 March 2022	\$0.02	25,000,000	\$0.40	1,250,000
5 May 2022*	\$0.015	25,000,000	\$0.30	1,250,000
5 May 2022*	\$0.02	25,000,000	\$0.40	1,250,000
<b>Total</b>		75,000,000		3,750,000

\* If issue of options are approved by shareholders in resolution 7.

#### 4. Treatment of Fractions

Where the consolidation of a shareholder's holding results in an entitlement to a fraction of a share, the fraction will be rounded up to the nearest whole number of shares.

If the Company reasonably considers that a shareholder has been a party to the division of a shareholding in an attempt to obtain an advantage from this treatment of fractions, the Company may take appropriate action, having regard as appropriate to the terms of the Company's Constitution and the ASX Listing Rules.

#### 5. Indicative Timetable

If the share consolidation is approved, it is expected to take effect in accordance with the following timetable (as set out in the Listing Rules):

Date*	Event
Friday, 29 November 2019	Shareholder meeting and notice to ASX that shareholders have approved the share consolidation
Monday, 2 December 2019	Last day for trading in pre-consolidated shares
Tuesday, 3 December 2019	Trading in consolidated shares on a deferred settlement basis commences
Wednesday, 4 December 2019	Last day for registration of transfers on a pre-consolidation basis
Thursday, 5 December 2019	First day for registration of transfers on a post-consolidated basis and first day for issue of holding statements. First day for Company to send notice to each holder of the change in their details of holdings.
Wednesday, 11 December 2019	Change of details of holdings date. Deferred settlement trading ends. Last day for securities to be entered into holders' security holdings. Last day for the Company to send notice to each holder of the change in their details of holdings.

\*The above timetable is indicative only and subject to change. Any changes will be announced to ASX.

#### 6. Holding Statements

From the date of the consolidation all current holding statements for shares and options will cease to have any effect, except as evidence of entitlement. After the consolidation becomes effective, the Company will arrange for new holding statements to be issued.

#### 7. Taxation

No capital gains tax (CGT) event is expected to occur as a result of the share consolidation for shareholders holding their investment on capital account. Investors will need to re-allocate the cost base of their existing shares to the consolidated shares. Shareholders should seek independent professional advice for guidance based on their individual circumstances. Likewise, there is not expected to be a tax effect on the Company.

#### 8. No Other Material Information

There is no other material information known to the Company's Directors which may be reasonably expected to affect Shareholders' decision-making as to whether to vote in favour of Resolution 1 other than what is set out in these Meeting Materials and has previously been disclosed to Shareholders.

**The Directors unanimously recommend Shareholders vote in favour of Resolution 9.**

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## Definitions

*Terms used in this Explanatory Memorandum and the accompanying Notice of Meeting have the following meanings:*

**\$** means Australian dollars

**Advisory Resolution** means a Resolution which, the result of voting by Shareholders, does not bind the Company or the Directors.

**AGM** means annual general meeting.

**Annual Report** means the document entitled 'Annual Financial Report – Financial Year Ended June 2019' of the Company announced on 1 October 2019.

**ASIC** means the Australian Securities and Investments Commission.

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

**Board** means the board of directors of the Company.

**Closely Related Party** (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this definition;

**Company** and **Dart** means Dart Mining NL (ACN 119 904 880)

**Constitution** means the constitution of the Company from time to time.

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

**Deed** means a Deed of Grant of Options dated 15 October 2019 entered into between the Company and James Chirnside, a copy of which is annexed hereto as the Appendix.

**Director** means a director of the Company.

**Directors' Report** means the document entitled 'Directors' Report' contained within pages 3 to 9 of the Annual Report dated 30 September 2019.

**Equity Securities** has the meaning given to that term in the Listing Rules.

**Explanatory Memorandum** means this explanatory memorandum accompanying the Notice of Meeting.

**Key Management Personnel** has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

**Listing Rule** means the official listing rules of the ASX as amended from time to time.

**Market Price** has the meaning given to that term in the Listing Rules.

**Meeting** or **Annual General Meeting** means the Annual General Meeting of Shareholders to be held at Level 1, 4 Collins Street, Melbourne, Victoria on Friday, 29 November 2019 at 11.00am (Melbourne Time) or any adjournment thereof

**Notice of Meeting** or **Notice** means the notice of meeting giving notice to shareholders of the Meeting, accompanying this Explanatory Memorandum.

**Options** means options to subscribe for Shares.

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

**Remuneration Report** means the document entitled 'Remuneration Report' contained within pages 6 to 8 of the Annual Report dated 30 September 2019.

**Resolution** means a resolution proposed at the Meeting.

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

**Shareholder** means a holder of Shares in the Company.

**Special Resolution** means a Resolution:

- (a) of which notice has been given as set out in paragraph 249L(1)(c) of the Corporations Act; and
- (b) that has been passed by at least 75% of the votes cast by members entitled to vote on the Resolution.

## SCHEDULE: Terms and Conditions of Options (James Chirnside)

### Tranche One

Tranche One is 25,000,000 Options which have been agreed to be granted on the following terms and conditions:

#### 1. Entitlement

- (a) Each Option entitles the Optionholder to subscribe for, and be allotted, one fully paid ordinary Share.
- (b) A Share issued on the exercise of the Option shall be an ordinary share and will be fully paid up on payment of the Exercise Price. A Share issued on exercise of the Option shall rank equally with all existing ordinary Shares on issue, as at the exercise date, and will be issued subject to the provisions of the Constitution of the Company and any escrow restrictions imposed on thereon by ASX.

#### 2. Exercise of Option

(a) Each Option is exercisable at any time from the date of grant until its expiry at 5.00 pm (Melbourne Time) on 5 May 2022 ("**Exercise Period**"). Exercise shall at all times be subject to the Company's Policy from time to time on dealings in securities ("**Securities Dealing Policy**"). Without limiting the foregoing, if the exercise of the Option (and any subsequent allotment of Shares) during the Exercise Period would cause or result in the Optionholder being in breach of ASX Listing Rules or the Company's Securities Dealing Policy or if an Option would be prohibited from being exercised during any "blackout" period prescribed by any Securities Dealing Policy during the Exercise Period then, at the request of the Optionholder, the Board may, in its sole discretion and by notice to the Optionholder vary that particular Exercise Period (by shortening or extending the Exercise Period as the case requires) so as to enable the Option to be exercised at the Exercise Price at a time when no such breach would occur. For the purpose of clarity, if a "blackout" period exists at the date on which the Option would lapse on expiry of the Exercise Period then the Board may exercise such power (whether by way of extending or shortening that Exercise Period so that the Option does not lapse unexercised as a result of its exercise being prohibited during any such "blackout" period. Notwithstanding the foregoing no Exercise Period may be varied by a period of more than 120 days. Where such power is exercised by the Board, the Optionholder shall be given notice thereof and such notice shall specify the time by which such Exercise Period is shortened or extended and, in the case where any extension of the Exercise Period is related to the happening of an event or the making of an announcement by the Company, shall include a period of 14 days ("**Period of Grace**") after the occurrence thereof or the date of such announcement during which time the Option may be exercised at the Exercise Price applicable to the extended Exercise Period save and except that no such Period of Grace may extend the Exercise Period beyond the period of 120 days referred to above. The exercise of such power of extension of the Exercise Period may result in the term of the Option exceeding the current term of the Option. Exercise of such power respect of any Option shall constitute the exercise of such power in respect of all of the Options of that class so that all Options in a class maintain identical terms and conditions.

(b) The exercise price shall be \$0.015 (1.5 Cents) ("**Exercise Price**").

(c) The Option shall be exercisable by the Optionholder by the Optionholder executing a notice of exercise of Option in a form required by DTM ("**Exercise Notice**") and delivering same to the registered address of the Company at the time of exercise or by delivering same to the Company's share registry, in both cases accompanied by payment of the Exercise Price for the Option as applicable during the Exercise Period during which the Option is exercised. Any Exercise Notice may be sent by facsimile to the Company or such share registrar and payment of the Exercise Price may be made by electronic transfer of funds to a bank account nominated by the Company from time to time by whatever method may be acceptable to the Company. Any funds transferred by electronic transfer of funds will be deemed received by the Company at the time at which the electronic transfer of funds is made by the Optionholder provided that such funds are duly received by the Company or the share registry in due course.

(d) If the Option is not exercised before the end of the Exercise Period (including as may be extended pursuant hereto) the Option will lapse.

#### 3. Quotation

(a) Unless otherwise required by ASX, the Company will not apply to ASX for official quotation of the Option and it will remain unlisted.



(b) If the Shares of the Company are quoted on ASX, the Company will apply to ASX for, and will use its best endeavours to obtain quotation of all Shares issued on the exercise of the Option within the time limits required pursuant to the ASX Listing Rules. The Optionholder by these terms of grant acknowledges that admission to quotation of any Share issued on exercise of the Option is within the discretion of ASX and that the Company gives no assurance that such quotation will be granted.

#### **4. Participation in Securities Issues**

Subject only to the provisions of clause 5 below (Participation in a Reorganisation of Capital) and subject to the provisions of any order of the Court to the contrary, the holder of the Option is not entitled to participate in new issues of securities by the Company or by any of its subsidiaries or controlled entities without first having exercised the Option.

#### **5. Participation in a Reorganisation of Capital**

(a) In the event of any reconstruction or reorganisation (including consolidation, sub-division, reduction or return of the capital of the Company), the rights of an Optionholder will be changed in accordance with the ASX Listing Rules applying to a restructure or reorganisation, provided always that the changes to the terms of the Options do not result in any benefit being conferred on the Optionholder which is not conferred on shareholders of the Company.

(b) In any reorganisation as referred to in (a) the Option and all other Options of the same class ("**the Options**") will be treated in the following manner:

- (i) in the event of a consolidation of the share capital of the Company, the number of Options will be consolidated in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
- (ii) in the event of a subdivision of the share capital of the Company, the number of Options will be subdivided in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
- (iii) in the event of a return of the share capital of the Company, the number of Options will remain the same and exercise price will be reduced by the same amount as the amount returned in relation to each ordinary share;
- (iv) in the event of a reduction of the share capital of the Company by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled the number of Options and the exercise price of each Option will remain unaltered;
- (v) in the event of a pro-rata cancellation of shares in the Company, the number of Options will be reduced in the same ratio as the ordinary share capital of the Company and the exercise price of each Option will be amended in inverse proportion to that ratio; and
- (vi) in the event of any other reorganisation of the issued capital of the Company, the number of Options or the exercise price or both will be reorganised (as appropriate) in a manner which will not result in any benefits being conferred on the Optionholder which are not conferred on the holders of Shares.

#### **6. Adjustment to Options and Exercise Price**

(a) Adjustments to the number of Shares over which Options exist and/or the exercise price may be made as described in this clause to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues.

(b) The method of adjustment for the purpose of this clause shall be in accordance with the ASX Listing Rules from time to time.

(c) If there is a pro rata bonus issue to the holders of the underlying securities, then, on the exercise of any Option, the number of Shares received will include the number of bonus Shares that would have been issued if the Option had been exercised prior to the record date (within the meaning of the ASX Listing Rules) for the bonus issue. The exercise price will not change.

## 7. Transfer

The Option is fully transferable subject only to any restrictions placed on transfer by the ASX in accordance with the ASX Listing Rules or which may be imposed by any resolution pursuant to which the Option shall have been granted or approved for grant.

## 8. Cessation of Employment of Mr Chirnside, his Permanent Incapacity or Death

(a) If Mr Chirnside's employment is terminated for Cause and on a Final Hearing the Court gives Final Judgment that such termination was valid and for such Cause, then DTM shall have the right, subject to these provisions, to cause all Options not then exercised to lapse. If DTM terminates, or purports to terminate, Mr Chirnside's employment for Cause then it shall give Mr Chirnside 30 days' notice of such termination ("**Termination Notice**") setting out in detail the matters which it asserts constitute Cause and Mr Chirnside shall have a period of 30 days from receipt of such Termination Notice (the "**Dispute Period**") to give notice to DTM disputing that Cause exists ("**Dispute Notice**"). If that dispute is not resolved between the parties within the Dispute Period or if Mr Chirnside has not commenced proceedings in the Court seeking a judgment to the effect that DTM did not have Cause to terminate Mr Chirnside's employment ("**Court Proceedings**"), then all Options not exercised at the date of the Termination Notice shall lapse unexpired. If Mr Chirnside commences Court Proceedings then the Options shall not lapse until or unless a Final Judgment is given by the Court that DTM terminated Mr Chirnside's employment for Cause, in which case the Options shall lapse on such Final Judgment being given. The right of Mr Chirnside to exercise the Options shall be suspended during the period from the giving of the Termination Notice until the Final Judgment is handed down. If the Court Proceedings continue beyond the Exercise Date in clause 2 of these Terms, and Final Judgment is to the effect that DTM did not terminate Mr Chirnside's employment for Cause, then the Exercise Period shall be deemed to have been extended for a period of 90 days from the date on which the Exercise Period would have expired with the effect that the Options shall remain extant for that further period ("**Extended Exercise Period**").

(b) If Mr Chirnside terminates his employment with the Company without Cause, then the Board may within 30 days from the date of any such termination at its discretion, but acting reasonably in all the circumstances having regard to the reasons for such termination, give 30 days' notice to Mr Chirnside ("**Reduction Notice**") that it proposes, by Board resolution, to reduce the Exercise Period for such options as remain unexercised at the time at which he so terminates his employment to 6 months from the date of his termination of his employment. If within the 30 day period given by the Reduction Notice, Mr Chirnside considers that he terminated his employment for Cause, he shall prior to the expiration of that 30 day period, give DTM notice to that effect setting out in detail the matters which he asserts constitute Cause for him terminating his employment ("**Dispute Notice**"). If the dispute as to Cause is not resolved between the parties within 30 days from the giving of the Dispute Notice ("**Dispute Period**") or if Mr Chirnside has not commenced proceedings in the Court seeking a judgment to the effect that he had Cause to terminate his employment ("**Court Proceedings**"), then the terms of the Reduction Notice shall take effect. If Mr Chirnside commences Court Proceedings then the terms of the Reduction Notice shall not take effect until or unless a Final Judgment is given by the Court that Mr Chirnside had not terminated his employment for Cause, in which case the terms of the Reduction Notice will take effect from the date on which Final Judgment is given. Mr Chirnside shall have the right to exercise the Options during a 6 month period from the date of the Reduction Notice but, if he does not, then his right to exercise shall be suspended during the period from the end of that 6 month period until Final Judgment is handed down. If the Court Proceedings continue beyond the Exercise Date in clause 2 of these Terms, and Final Judgment is to the effect that Mr Chirnside terminated his employment for Cause, then the Exercise Period shall be deemed to have been extended for a period of 90 days from the date on which the Exercise Period would have expired with the effect that the Options shall remain extant for that further period ("**Extended Exercise Period**").

(c) In these terms and Conditions

- (i) "**Court**" means either the Supreme Court of Victoria or the Federal Court of Australia and all courts competent to hear appeals therefrom;
- (ii) "**Final Hearing**" means a decision of the Court from which no appeal has been made or from which no appeal is possible;
- (iii) "**Final Judgment**" means the Judgment of the Court on the Final Hearing.
- (iv) "**Cause**", for the purposes of (a) above means that Mr Chirnside has:

- (A) committed a material breach of his contract of employment with the Company which justifies the Company terminating his employment and which causes substantial loss and damage to the Company or to its reputation;
  - (B) has been convicted of an offence under the Corporations Act punishable by a term of imprisonment and he is, on trial, committed to prison; or
  - (C) has been convicted of an offence under State or Federal law punishable by a term of imprisonment and he is, on trial, committed to prison;
- (v) **"Cause"**, for the purposes of (b) above means that Mr Chirnside's has terminated his employment with the Company as a result of:
- (A) a material breach by the Company of his contract of employment with the Company which has not been satisfactorily resolved, whether by mediation or otherwise; or,
  - (B) significant health issues (whether physical or mental) (other than any incapacity as referred to in (d) below) where he has provided the Company with documentation that his continued employment with the Company will aggravate any such health issues;
- (d) If Mr Chirnside should die or become incapacitated so as to be unable to perform his duties for a continuous 6 month period or longer, then:
- (i) In the case of his death, his legal personal representatives shall be entitled to have transmitted to them all unexercised options and they shall be entitled to exercise or deal with such options without restriction.
  - (ii) In the case of such incapacity, the Options shall remain extant on the terms of grant.

### **Tranche Two**

Tranche 2 is a further 25,000,000 options on the same terms as Tranche One except that the Exercise Price is \$0.02 (2 cents) as opposed to \$0.015 (1.5 cents).

**APPENDIX: Deed of Grant of Options dated 15 October 2019**

**Dated: 15 October, 2019**

**DART MINING NL  
ABN 84 119 904 880  
("DTM")**

**And**

**JAMES MILLER CHIRNSIDE  
("Grantee")**

**DEED OF GRANT OF OPTIONS**

**THIS DEED** is made the fifteenth day of October 2019 with effect from 15 October 2019

**BETWEEN**

**DART MINING NL** ABN 84 119 904 880 the registered office of which is situate at the offices of Lowell Accounting, Level 6, 412 Collins Street, Melbourne, Victoria 3000 ("**DTM**"); and

**AND**

**JAMES MILLER CHIRNSIDE** of 63/1 Cook Road, Centennial Park, NSW, 2021, the Managing Director of DTM ("**Grantee**" or "**Mr Chirnside**")

**WHEREAS:**

- A. DTM has by resolution of its Board of Directors resolved to grant the Grantee a total of 50,000,000 options to acquire ordinary shares in the capital of DTM on the terms and conditions set out in the Schedule hereto with 25,000,000 of the options being exercisable at an exercise price of \$0.015 (1.5 cents) and the other 25,000,000 options having an exercise price of \$0.02 (2 cents) and with all options being exercisable on the terms set out in the Schedule ("**the Options**").
- B. The Grantee is the Managing Director of the Company.

**BY THIS DEED it is agreed** as follows:

**1. Grant of Options**

- (a) DTM has agreed to grant the Grantee the Options on the terms and conditions set out in Schedule hereto ("**the Terms**") and the Grantee is presently entitled pursuant to the Deed to be granted the Options on the Terms:
- (i) subject to the Condition Subsequent that, if the members of DTM do not ratify, confirm and approve this Deed and the grant of Options hereunder, then this Deed shall become rescinded ab initio forthwith on any such resolution being put to the members of DTM in general meeting and failing to be passed. No further act on the part of DTM or the Grantee shall be necessary to be done to cause this Deed to be rescinded;  
but
  - (ii) on the basis that, if the Terms are inconsistent with the Listing Rules of ASX or of ASX Limited, then the requirements of such Listing Rules or ASX Limited (as applicable) shall be incorporated herein in like manner as if set out in the Terms.
- (b) In the event that this Deed is rescinded ab initio as set out in (a):
- (i) the rights of the Grantee hereunder shall have been rescinded ab initio and the Grantee shall be deemed for all purposes not to have acquired any right or entitlement to be granted the Options under this Deed as if this Deed was never entered into;
  - (ii) DTM shall not issue a holding statement or certificate in respect of the Options and DTM shall not enter the name and address of the Grantee in any register of optionholders maintained by it; and.
  - (iii) the Grantee shall have no rights to compensation from DTM or any other person as a consequence of the rescission of this Deed ab initio or the failure of the members of DTM to have ratified, confirmed and approved this Deed and the grant of the Options hereunder.
- (c) If the members of DTM ratify, confirm and approve this Deed and the grant of Options hereunder DTM shall issue a holding statement or option certificate in respect of the Options

incorporating the Terms and DTM shall enter the name and address of the Grantee as the holder of the Options in any register of optionholders maintained by it within one month after the giving of such approval with such Options to be granted on the terms set out in the Schedule, subject to any modification of such terms and conditions as required under clause 1(a)(ii) above.

(d) The Options shall be granted free of cost to the Grantee.

**2. Convening of General Meeting to obtain Approval of Deed and Grant of Options on the Terms**


DTM hereby covenants with the Grantee that it shall seek approval of its members to the grant of the Options at a general meeting of its members to be convened in accordance with all applicable requirements of the *Corporations Act 2001* (Cth), the Listing Rules of ASX Limited and all ASIC Regulatory Guides.

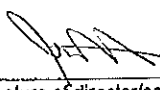
**3. Proper Law and Jurisdiction**

This Deed is governed by and is to be interpreted in accordance with the laws of the State of Victoria, Australia. The parties acknowledge and agrees that this Deed is made in Victoria and that the law of the contract applicable to this Deed is the law of the State of Victoria.

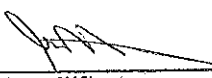
**Executed as a Deed**

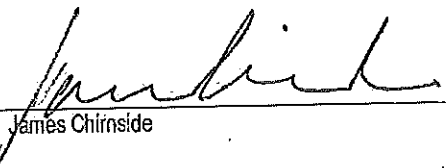
EXECUTED by DART MINING NL in  
accordance with the provisions of Section 127 of  
the Corporations Act 2001 (Cth) by:

  
\_\_\_\_\_  
Signature of director  
Luke Robinson  
\_\_\_\_\_  
Name of director

  
\_\_\_\_\_  
Signature of director/secretary  
Julie Edwards  
\_\_\_\_\_  
Name of director/secretary

SIGNED SEALED & DELIVERED by JAMES  
MILLER CHIRNSIDE in the presence of:

  
\_\_\_\_\_  
Signature of Witness  
Julie Edwards  
\_\_\_\_\_  
Name of Witness

  
\_\_\_\_\_  
James Chirnside

## SCHEDULE TERMS AND CONDITIONS OF GRANT OF OPTIONS

### Tranche One

Tranche One is 25,000,000 Options which have been agreed to be granted on the following terms and conditions:

#### 1. Entitlement

(a) Each Option entitles the Optionholder to subscribe for, and be allotted, one fully paid ordinary Share.

(b) A Share issued on the exercise of the Option shall be an ordinary share and will be fully paid up on payment of the Exercise Price. A Share issued on exercise of the Option shall rank equally with all existing ordinary Shares on issue, as at the exercise date, and will be issued subject to the provisions of the Constitution of the Company and any escrow restrictions imposed on thereon by ASX.

#### 2. Exercise of Option

(a) Each Option is exercisable at any time from the date of grant until its expiry at 5.00 pm (Melbourne Time) on 5 May 2022 ("**Exercise Period**"). Exercise shall at all times be subject to the Company's Policy from time to time on dealings in securities ("**Securities Dealing Policy**"). Without limiting the foregoing, if the exercise of the Option (and any subsequent allotment of Shares) during the Exercise Period would cause or result in the Optionholder being in breach of ASX Listing Rules or the Company's Securities Dealing Policy or if an Option would be prohibited from being exercised during any "blackout" period prescribed by any Securities Dealing Policy during the Exercise Period then, at the request of the Optionholder, the Board may, in its sole discretion and by notice to the Optionholder vary that particular Exercise Period (by shortening or extending the Exercise Period as the case requires) so as to enable the Option to be exercised at the Exercise Price at a time when no such breach would occur. For the purpose of clarity, if a "blackout" period exists at the date on which the Option would lapse on expiry of the Exercise Period then the Board may exercise such power (whether by way of extending or shortening that Exercise Period so that the Option does not lapse unexercised as a result of its exercise being prohibited during any such "blackout" period. Notwithstanding the foregoing no Exercise Period may be varied by a period of more than 120 days. Where such power is exercised by the Board, the Optionholder shall be given notice thereof and such notice shall specify the time by which such Exercise Period is shortened or extended and, in the case where any extension of the Exercise Period is related to the happening of an event or the making of an announcement by the Company, shall include a period of 14 days ("**Period of Grace**") after the occurrence thereof or the date of such announcement during which time the Option may be exercised at the Exercise Price applicable to the extended Exercise Period save and except that no such Period of Grace may extend the Exercise Period beyond the period of 120 days referred to above. The exercise of such power of extension of the Exercise Period may result in the term of the Option exceeding the current term of the Option. Exercise of such power respect of any Option shall constitute the exercise of such power in respect of all of the Options of that class so that all Options in a class maintain identical terms and conditions.

(b) The exercise price shall be \$0.015 (1.5 Cents) ("**Exercise Price**").

(c) The Option shall be exercisable by the Optionholder by the Optionholder executing a notice of exercise of Option in a form required by DTM ("**Exercise Notice**") and delivering same to the registered address of the Company at the time of exercise or by delivering same to the Company's share registry, in both cases accompanied by payment of the Exercise Price for the Option as applicable during the Exercise Period during which the Option is exercised. Any Exercise Notice may be sent by facsimile to the Company or such share registrar and payment of the Exercise Price may be made by electronic transfer of funds to a bank account nominated by the Company from time to time by whatever method may be acceptable to the Company. Any funds transferred by electronic transfer of funds will be deemed received by the Company at the time at which the electronic transfer

of funds is made by the Optionholder provided that such funds are duly received by the Company or the share registry in due course.

(d) If the Option is not exercised before the end of the Exercise Period (including as may be extended pursuant hereto) the Option will lapse.

### **3. Quotation**

(a) Unless otherwise required by ASX, the Company will not apply to ASX for official quotation of the Option and it will remain unlisted.

(b) If the Shares of the Company are quoted on ASX, the Company will apply to ASX for, and will use its best endeavours to obtain quotation of all Shares issued on the exercise of the Option within the time limits required pursuant to the ASX Listing Rules. The Optionholder by these terms of grant acknowledges that admission to quotation of any Share issued on exercise of the Option is within the discretion of ASX and that the Company gives no assurance that such quotation will be granted.

### **4. Participation in Securities Issues**

Subject only to the provisions of clause 5 below (Participation in a Reorganisation of Capital) and subject to the provisions of any order of the Court to the contrary, the holder of the Option is not entitled to participate in new issues of securities by the Company or by any of its subsidiaries or controlled entities without first having exercised the Option.

### **5. Participation in a Reorganisation of Capital**

(a) In the event of any reconstruction or reorganisation (including consolidation, sub-division, reduction or return of the capital of the Company), the rights of an Optionholder will be changed in accordance with the ASX Listing Rules applying to a restructure or reorganisation, provided always that the changes to the terms of the Options do not result in any benefit being conferred on the Optionholder which is not conferred on shareholders of the Company.

(b) In any reorganisation as referred to in (a) the Option and all other Options of the same class ("the Options") will be treated in the following manner:

- (i) in the event of a consolidation of the share capital of the Company, the number of Options will be consolidated in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
- (ii) in the event of a subdivision of the share capital of the Company, the number of Options will be subdivided in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
- (iii) in the event of a return of the share capital of the Company, the number of Options will remain the same and exercise price will be reduced by the same amount as the amount returned in relation to each ordinary share;
- (iv) in the event of a reduction of the share capital of the Company by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled the number of Options and the exercise price of each Option will remain unaltered;
- (v) in the event of a pro-rata cancellation of shares in the Company, the number of Options will be reduced in the same ratio as the ordinary share capital of the Company and the exercise price of each Option will be amended in inverse proportion to that ratio; and
- (vi) in the event of any other reorganisation of the issued capital of the Company, the number of Options or the exercise price or both will be reorganised (as appropriate) in a manner which will not result in any benefits being conferred on the Optionholder which are not conferred on the holders of Shares.



## 6. Adjustment to Options and Exercise Price

- (a) Adjustments to the number of Shares over which Options exist and/or the exercise price may be made as described in this clause to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues.
- (b) The method of adjustment for the purpose of this clause shall be in accordance with the ASX Listing Rules from time to time.
- (c) If there is a pro rata bonus issue to the holders of the underlying securities, then, on the exercise of any Option, the number of Shares received will include the number of bonus Shares that would have been issued if the Option had been exercised prior to the record date (within the meaning of the ASX Listing Rules) for the bonus issue. The exercise price will not change.

## 7. Transfer

The Option is fully transferable subject only to any restrictions placed on transfer by the ASX in accordance with the ASX Listing Rules or which may be imposed by any resolution pursuant to which the Option shall have been granted or approved for grant.

## 8. Cessation of Employment of Mr Chirnside, his Permanent Incapacity or Death

(a) If Mr Chirnside's employment is terminated for Cause and on a Final Hearing the Court gives Final Judgment that such termination was valid and for such Cause, then DTM shall have the right, subject to these provisions, to cause all Options not then exercised to lapse. If DTM terminates, or purports to terminate, Mr Chirnside's employment for Cause then it shall give Mr Chirnside 30 days' notice of such termination ("**Termination Notice**") setting out in detail the matters which it asserts constitute Cause and Mr Chirnside shall have a period of 30 days from receipt of such Termination Notice (the "**Dispute Period**") to give notice to DTM disputing that Cause exists ("**Dispute Notice**"). If that dispute is not resolved between the parties within the Dispute Period or if Mr Chirnside has not commenced proceedings in the Court seeking a judgment to the effect that DTM did not have Cause to terminate Mr Chirnside's employment ("**Court Proceedings**"), then all Options not exercised at the date of the Termination Notice shall lapse unexpired. If Mr Chirnside commences Court Proceedings then the Options shall not lapse until or unless a Final Judgment is given by the Court that DTM terminated Mr Chirnside's employment for Cause, in which case the Options shall lapse on such Final Judgment being given. The right of Mr Chirnside to exercise the Options shall be suspended during the period from the giving of the Termination Notice until the Final Judgment is handed down. If the Court Proceedings continue beyond the Exercise Date in clause 2 of these Terms, and Final Judgment is to the effect that DTM did not terminate Mr Chirnside's employment for Cause, then the Exercise Period shall be deemed to have been extended for a period of 90 days from the date on which the Exercise Period would have expired with the effect that the Options shall remain extant for that further period ("**Extended Exercise Period**").

(b) If Mr Chirnside terminates his employment with the Company without Cause, then the Board may within 30 days from the date of any such termination at its discretion, but acting reasonably in all the circumstances having regard to the reasons for such termination, give 30 days' notice to Mr Chirnside ("**Reduction Notice**") that it proposes, by Board resolution, to reduce the Exercise Period for such options as remain unexercised at the time at which he so terminates his employment to 6 months from the date of his termination of his employment. If within the 30 day period given by the Reduction Notice, Mr Chirnside considers that he terminated his employment for Cause, he shall prior to the expiration of that 30 day period, give DTM notice to that effect setting out in detail the matters which he asserts constitute Cause for him terminating his employment ("**Dispute Notice**"). If the dispute as to Cause is not resolved between the parties within 30 days from the giving of the Dispute Notice ("**Dispute Period**") or if Mr Chirnside has not commenced proceedings in the Court seeking a judgment to the effect that he had Cause to terminate his employment ("**Court Proceedings**"), then the terms of the Reduction Notice shall take effect. If Mr Chirnside commences Court Proceedings then the terms of the Reduction Notice shall not take effect until or unless a Final Judgment is given by the Court that Mr Chirnside had not terminated his employment for Cause, in which case the terms of the Reduction Notice will take effect from the date on which Final Judgment is given. Mr Chirnside shall have the right to exercise the Options during a 6 month period from the date of the Reduction

Notice but, if he does not, then his right to exercise shall be suspended during the period from the end of that 6 month period until Final Judgment is handed down. If the Court Proceedings continue beyond the Exercise Date in clause 2 of these Terms, and Final Judgment is to the effect that Mr Chirnside terminated his employment for Cause, then the Exercise Period shall be deemed to have been extended for a period of 90 days from the date on which the Exercise Period would have expired with the effect that the Options shall remain extant for that further period ("**Extended Exercise Period**").

(c) In these terms and Conditions

- (i) "**Court**" means either the Supreme Court of Victoria or the Federal Court of Australia and all courts competent to hear appeals therefrom;
- (ii) "**Final Hearing**" means a decision of the Court from which no appeal has been made or from which no appeal is possible;
- (iii) "**Final Judgment**" means the Judgment of the Court on the Final Hearing.
- (iv) "**Cause**", for the purposes of (a) above means that Mr Chirnside has:
  - (A) committed a material breach of his contract of employment with the Company which justifies the Company terminating his employment and which causes substantial loss and damage to the Company or to its reputation;
  - (B) has been convicted of an offence under the Corporations Act punishable by a term of imprisonment and he is, on trial, committed to prison; or
  - (C) has been convicted of an offence under State or Federal law punishable by a term of imprisonment and he is, on trial, committed to prison;
- (v) "**Cause**", for the purposes of (b) above means that Mr Chirnside's has terminated his employment with the Company as a result of:
  - (A) a material breach by the Company of his contract of employment with the Company which has not been satisfactorily resolved, whether by mediation or otherwise; or,
  - (B) significant health issues (whether physical or mental) (other than any incapacity as referred to in (d) below) where he has provided the Company with documentation that his continued employment with the Company will aggravate any such health issues;

(d) If Mr Chirnside should die or become incapacitated so as to be unable to perform his duties for a continuous 6 month period or longer, then:

- (i) In the case of his death, his legal personal representatives shall be entitled to have transmitted to them all unexercised options and they shall be entitled to exercise or deal with such options without restriction.
- (ii) In the case of such incapacity, the Options shall remain extant on the terms of grant.

**Tranche Two**

Tranche 2 is a further 25,000,000 options on the same terms as Tranche One except that the Exercise Price is \$0.02 (2 cents) as opposed to \$0.015 (1.5 cents).