

AUSGOLD LIMITED ABN 67 140 164 496

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date: Friday 20 November 2020

Time: 11.00am AWST

Venue: Level 1, AMP Building

140 St Georges Terrace

Perth, WA 6000



AUSGOLD LIMITED (ABN 67 140 164 496)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Ausgold Limited will be held at Level 1, AMP Building, 140 St Georges Terrace, Perth, Western Australia on Friday 20 November 2020 at 11.00am (AWST).

AGENDA

ORDINARY BUSINESS

FINANCIAL STATEMENTS

To receive, consider and discuss the Company's financial statements for the year ended 30 June 2020 and the reports of the directors and auditors on those statements.

RESOLUTION 1 – RE-ELECTION OF DIRECTOR – MR RICHARD LOCKWOOD

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

"That, for the purpose of ASX Listing Rule 14.4 and rule 58.1 of the Constitution, and for all other purposes, Mr Richard Lockwood, a Director who retires by rotation and, being eligible, offers himself for re-election, is re-elected as a Director."

RESOLUTION 2 – RE–ELECTION OF DIRECTOR – MR GEOFFREY JONES

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

"That, for the purpose of ASX Listing Rule 14.4 and rule 58.1 of the Constitution, and for all other purposes, Mr Geoffrey Jones, a Director who retires by rotation and, being eligible, offers himself for re-election, is re-elected as a Director."

RESOLUTION 3 – ADOPTION OF REMUNERATION REPORT

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

"That, for the purposes of section 250R(2) of the Corporations Act 2001 and for all other purposes, the Remuneration Report contained in the 2020 Annual Report be adopted by shareholders."

Note:

In accordance with section 250R(3) of the Corporations Act 2001, this Resolution is advisory only and does not bind the directors of the Company.

Voting exclusion statement:

The Company will disregard any votes cast on Resolution 3 by or on behalf of any member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or any Closely Related Party of such a member. However, the Company need not disregard a vote if it is cast by such 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 person chairing the meeting as proxy for a person (appointor) who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides, and the appointor has ticked the relevant box on the Proxy Form.



If you are a member of the Key Management Personnel of the Company or a Closely Related Party of such person (or are acting on behalf of any such person) and purport to cast a vote (other than as a proxy as permitted in the manner set out above), that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

RESOLUTION 4 – RATIFY ALLOTMENT OF SHARES

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 all other purposes, the allotment on 12 August 2020 of a total of 165,929,931 fully paid ordinary shares in the Company on the terms described in the explanatory memorandum which accompanied the notice convening this meeting be and is hereby ratified".

Voting exclusion statement:

The Company will disregard any votes cast in favour on this Resolution 4 by, or on behalf of, any individual who participated in the issue or is a counterparty to the agreement being approved (namely participants of the allotted shares) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of Resolution 4 by:

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

RESOLUTION 5 - APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

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

"That for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue), calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 for the purpose and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."

Voting exclusion statement:

The Company will disregard any votes cast in favour on this Resolution 5 by, or on behalf of, any individual who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

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

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides provided that that person has ticked the relevant box on the Proxy form; or



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

RESOLUTION 6 – ISSUE OF PERFORMANCE RIGHTS TO MATTHEW GREENTREE

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

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Company be authorised to issue 20,000,000 Performance Rights to Dr Matthew Greentree, a Director of the Company, or his nominee, on the terms and conditions set out in Schedule 1 to the Explanatory Memorandum."

Voting exclusion statement:

The Company will disregard any votes cast in favour on Resolution 6 by Dr Matthew Greentree and any of his associates or any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) and their associates.

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

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

The Company will also disregard any votes cast on Resolution 6 by a member of the Key Management Personnel of the Company or their Closely Related Parties, acting as proxy for another person, where the proxy form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing where the appointment expressly authorises the Chairman to exercise the proxy even though the Resolution is connected with the remuneration of a member of the Key Management Personnel of the Company, will not be excluded.

RESOLUTION 7 – ISSUE OF PERFORMANCE RIGHTS TO DENIS RAKICH

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

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Company be authorised to issue 12,000,000 Performance Rights to Mr Denis Rakich, a Director of the Company, or his nominee, on the terms and conditions set out in Schedule 1 to the Explanatory Memorandum."

Voting exclusion statement:

The Company will disregard any votes cast in favour on Resolution 7 by Mr Denis Rakich and any of his associates or any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) and their associates.



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

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

The Company will also disregard any votes cast on Resolution 7 by a member of the Key Management Personnel of the Company or their Closely Related Parties, acting as proxy for another person, where the proxy form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing where the appointment expressly authorises the Chairman to exercise the proxy even though the Resolution is connected with the remuneration of a member of the Key Management Personnel of the Company, will not be excluded.

RESOLUTION 8 – ISSUE OF PERFORMANCE RIGHTS TO RICHARD LOCKWOOD

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

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Company be authorised to issue 8,000,000 Performance Rights to Mr Richard Lockwood, a Director of the Company, or his nominee, on the terms and conditions set out in Schedule 1 to the Explanatory Memorandum."

Voting exclusion statement:

The Company will disregard any votes cast in favour on Resolution 8 by Mr Richard Lockwood and any of his associates or any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) and their associates.

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

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

The Company will also disregard any votes cast on Resolution 8 by a member of the Key Management Personnel of the Company or their Closely Related Parties, acting as proxy for another person, where the proxy form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing where the appointment expressly authorises the Chairman to exercise the proxy even though the Resolution is connected with the remuneration of a member of the Key Management Personnel of the Company, will not be excluded.



RESOLUTION 9 – ISSUE OF PERFORMANCE RIGHTS TO GEOFFREY JONES

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

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Company be authorised to issue 6,000,000 Performance Rights to Mr Geoffrey Jones, a Director of the Company, or his nominee, on the terms and conditions set out in Schedule 1 to the Explanatory Memorandum."

Voting exclusion statement:

The Company will disregard any votes cast in favour on Resolution 9 by Mr Geoffrey Jones and any of his associates or any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) and their associates.

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

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

The Company will also disregard any votes cast on Resolution 9 by a member of the Key Management Personnel of the Company or their Closely Related Parties, acting as proxy for another person, where the proxy form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing where the appointment expressly authorises the Chairman to exercise the proxy even though the Resolution is connected with the remuneration of a member of the Key Management Personnel of the Company, will not be excluded.

RESOLUTION 10 – ISSUE OF PERFORMANCE RIGHTS TO NEIL FEARIS

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

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Company be authorised to issue 6,000,000 Performance Rights to Mr Neil Fearis, a Director of the Company, or his nominee, on the terms and conditions set out in Schedule 1 to the Explanatory Memorandum."

Voting exclusion statement:

The Company will disregard any votes cast in favour on Resolution 10 by Mr Neil Fearis and any of his associates or any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) and their associates.

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

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides provided that that person has ticked the relevant box on the Proxy form; or



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

The Company will also disregard any votes cast on Resolution 10 by a member of the Key Management Personnel of the Company or their Closely Related Parties, acting as proxy for another person, where the proxy form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing where the appointment expressly authorises the Chairman to exercise the proxy even though the Resolution is connected with the remuneration of a member of the Key Management Personnel of the Company, will not be excluded.

RESOLUTION 11 – NON-EXECUTIVE DIRECTOR REMUNERATION

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

"That for the purposes of clause 61.1 of the Constitution, ASX Listing Rule 10.17 and for all other purposes maximum total aggregate amount of fees payable to non- executive Directors in any financial year is increased from \$120,000 per annum to \$250,000 per annum in accordance with the terms described in the explanatory memorandum which accompanied the notice convening this meeting be and is hereby approved by shareholders".

The Company will disregard any votes cast in favour on Resolution 11 by or on behalf of any Director and any of their associates.

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

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

The Company will also disregard any votes cast on Resolution 11 by a member of the Key Management Personnel of the Company or their Closely Related Parties, acting as proxy for another person, where the proxy form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing where the appointment expressly authorises the Chairman to exercise the proxy even though the Resolution is connected with the remuneration of a member of the Key Management Personnel of the Company, will not be excluded.



PROXIES

In accordance with section 249L of the Corporations Act 2001, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company;
- 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. If no proportion or number is specified, then in accordance with section 249X(3) of the Corporations Act 2001, each proxy may exercise one-half of the votes.

In accordance with section 250BA of the Corporations Act 2001, the Company specifies the following information for the purposes of receipt of proxy appointments:

Registered Office: Ausgold Limited

Level 16, AMP Building

140 St George Terrace, Perth WA 6000

Facsimile Number: (08) 9220 9820

Postal Address: PO Box 7654, Cloisters Square, Perth WA 6850

Email: info@ausgoldlimited.com

Each member entitled to vote at the general meeting has the right to appoint a proxy to attend and vote at the meeting on his behalf. The member may specify the way in which the proxy is to vote on each resolution or may allow the proxy to vote at his discretion. The instrument appointing the proxy must be received by the Company at the address specified above at least 48 hours before the time notified for the meeting (proxy forms can be lodged by facsimile).

In accordance with regulation 7.11.38 of the Corporations Regulations 2001, the Company determines that shares held as at 11.00 am on Wednesday 18 November 2020 will be taken, for the purposes of the general meeting, to be held by the persons who held them at that time.

By order of the Board

DENIS I RAKICH

Executive Director

9 October 2020



AUSGOLD LIMITED (ABN 67 140 164 496)

EXPLANATORY MEMORANDUM TO SHAREHOLDERS

1. INTRODUCTION

This Explanatory Memorandum has been prepared for the information of shareholders of Ausgold in connection with the business to be transacted at the annual general meeting of the Company to be held on Friday 20 November 2020 at 11.00am.

At that meeting, shareholders will be asked to consider resolutions:

- re-electing two directors who retire by rotation;
- adopting the remuneration report;
- ratifying an allotment of shares;
- approving an additional 10% placement facility;
- approving the issue of performance rights to directors; and
- approving non- executive director's aggregate remuneration

The purpose of this Explanatory Memorandum is to provide information that the Board believes to be material to shareholders in deciding whether or not to pass those resolutions. The Explanatory Memorandum explains the resolutions and identifies the Board's reasons for putting them to shareholders. It should be read in conjunction with the accompanying Notice of Meeting.

2. RESOLUTION 1 – RE–ELECTION OF MR RICHARD LOCKWOOD AS A DIRECTOR

Background

In accordance with ASX Listing Rule 14.4 and pursuant to Rule 58.1 of the Constitution, at each annual general meeting one-third of the Directors (excluding the Managing Director, if any) must retire from office. Each retiring Director is entitled to offer himself for re-election as a Director at the annual general meeting.

Mr Richard Lockwood will retire by rotation in accordance with the requirements of the Constitution at the AGM. Mr Lockwood is eligible for re-election and he seeks re-election as a director of the Company at the AGM.

Mr Lockwood has forged a successful career in funds management and mining investment and was the founder of New City Investment Management a UK based investment fund. Mr Lockwood was formerly a Director of AIM-listed Kalahari Minerals Limited which was acquired by CGNPC Uranium Resources Co. Ltd. Formerly a mining investment partner in Hoare Govett and McIntosh Securities, he was involved in the development and financing of numerous gold and base metals projects in Europe, Australia and Africa. Mr Lockwood's intimate knowledge and experience in the resource sector is an asset to the Company during its current growth phase.

Mr Lockwood was appointed as a director of the Company on 12 November 2010.

Board recommendation

The Board (other than Mr Lockwood) recommends that Shareholders vote in favour of Resolution 1.



3. RESOLUTION 2 – RE-ELECTION OF MR GEOFFREY JONES AS A DIRECTOR

Background

In accordance with ASX Listing Rule 14.4 and pursuant to Rule 58.1 of the Constitution, at each annual general meeting one-third of the Directors (excluding the Managing Director, if any) must retire from office. Each retiring Director is entitled to offer himself for re-election as a Director at the annual general meeting.

Mr Geoff Jones will retire by rotation in accordance with the requirements of the Constitution at the AGM. Mr Jones is eligible for re-election and he seeks re-election as a director of the Company at the AGM.

Mr Jones is a Civil Engineer with over 30 years' experience in construction, engineering, mineral processing and project development in Australia and overseas. Geoff previously worked for Baulderstone Hornibrook, John Holland, Minproc Engineers and Signet Engineering before serving over six years as Group Project Engineer for Resolute Mining Limited, where he was responsible for the development of its mining projects in Australia, Ghana and Tanzania. He also founded a project management and engineering consultancy concentrating on the management of projects for ASX listed companies in the resources sector. Mr Jones is currently the Managing Director for GR Engineering Services Limited.

Mr Jones was appointed as a director of the Company on 29 July 2016.

Board recommendation

The Board (other than Mr Jones) recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – ADOPTION OF REMUNERATION REPORT

Background

The Corporations Act includes disclosure requirements for companies whose shares are quoted on the ASX by requiring that the directors of the company include a remuneration report in the Company's annual report and that a resolution be put to shareholders each year to adopt that report. Pursuant to section 250R(2) of the Corporations Act, the Company submits to Shareholders for consideration and adoption by way of a non-binding resolution, its remuneration report for the year ended 30 June 2020. The remuneration report is set out in the Company's Annual Report. The remuneration report:

- outlines the Board's policy for determining the nature and amount of remuneration for directors and executives of the Company;
- discusses the relationship between the Board's remuneration policy and the Company's performance;
- details and explains any performance condition applicable to the remuneration of a director or executive;
- details the remuneration (including options) of each director and executive of the Company for the vear: and
- summarises the terms of any contract under which any director or executive is engaged, including
 the period of notice require to terminate the contract and any termination payments provided for
 under the contract.

The vote on the resolution is advisory only and does not bind the directors or the Company, nor does it affect the remuneration paid or payable to the Company's directors or the executives. However, the Board will take the outcome of the resolution into account when considering future remuneration policy.



If, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report, and at the first of those annual general meetings a spill resolution was not put to vote, then the Company will be required to put to Shareholders a resolution proposing the calling of a general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the general meeting (**Spill Meeting**) within 90 days of the second annual general meeting. All of the Directors who were in office when the Company's directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2020. A reasonable opportunity will be provided for discussion of the remuneration report at the AGM.

Previous voting results

At the Company's 2019 Annual General Meeting less than 25% of the total votes cast on the resolution to approve the remuneration report considered at that meeting were cast against the resolution. Accordingly, a Spill Resolution is not relevant for this Annual General Meeting.

Proxy voting restrictions

A voting exclusion statement is included in the Notice of Meeting in respect of the advisory vote on Resolution 3.

Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 – RATIFY ALLOTMENT OF SHARES

On 12 August 2020, the Company issued a total of 194,150,000 Shares, issued pursuant to Listing Rule 7.1 (the **August Placement**). The issue raised A\$6,348,705 before costs of the issue.

The purpose of this issue was to fund exploration on the Company's Katanning Gold Project and to provide additional working capital.

As set out in the Company's announcement of 22 October 2020, 28,220,069 of the Shares issued under the August Placement were inadvertently issued in excess of the Company's capacity under Listing Rule 7.1. As a consequence of this, the Company cannot seek to ratify the issue of the 28,022,069 Shares under Listing Rule 7.4 as such ratification is only available where the Equity Securities are issued without breaching Listing Rule 7.1. Please refer to the Company's announcement of 22 October 2020 for further details.

Accordingly, the Company seeks to ratify 165,929,931 Shares issued on 12 August 2020 under Listing Rule 7.4.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of the period.



The August Placement does not fall within any of these exceptions and, as they have not yet been approved by the Company's Shareholders, such issues effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue date of the August Placement.

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

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issued under Listing Rule 7.1.

To this end, Resolution 4 seeks Shareholder approval to the August Placement under and for the purposes of Listing Rule 7.4.

If Resolution 4 is passed, 165,929,931 of the Shares issued under the August Placement will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the issue date of the August Placement.

If Resolution 4 is not passed,165,929,931 of the Shares issued under the August Placement will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the issue date of the August Placement.

Regardless of whether Resolution 4 is passed, the Company will keep the 28,220,069 securities issued in excess of its Listing Rule 7.12 capacity in "C" when calculating its capacity under Listing Rule 7.1 for a period of 12 months from 12 August 2020.

The securities issued, for which approval and ratification is sought under Resolution 4, comprise approximately 12.24% of the Company's fully diluted issued capital (based on the number of Shares and Options on issue as at the date of this Notice).

Technical information required by ASX Listing Rule 7.5

For the purposes of Listing Rule 7.5, the following information is provided in relation to Resolution 4:

- (a) The Shares issued under the August Placement were issued to professional and sophisticated investors, none of whom are related parties of the Company, a member of Key Management Personnel, a substantial holder in the Company, an adviser to the Company or an associate of any such person.
- (b) The total number of Shares issued under the August Placement was 194,150,000 Shares. As set out above, the Company is seeking ratification of 165,929,931 Shares issued under the August Placement under Resolution 4.
- (c) The Shares issued under the August Placement are fully paid ordinary Shares in the capital of the Company and rank equally in all respects with the Company's existing Shares.
- (d) The Shares comprised in the August Placement were issued by the Company on 12 August 2020.



- (e) The Shares issued under the August Placement were issued at an issue price of 3.27 cents per Share.
- (f) The purpose of the August Placement was to fund exploration on the Company's Katanning Gold Project and to provide additional working capital.
- (g) The August Placement was conducted on the basis detailed in the Company's announcement dated 6 August 2020. There are no other material terms in relation to the issue.
- (h) A voting exclusion statement for Resolution 4 is included in the Notice of Meeting.

Board Recommendation

The Board considers that the ratification of the August Placement is beneficial for the Company as it allows the Company to retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months. Accordingly, the Board unanimously recommends that Shareholders vote in favour of Resolution 4.

6. RESOLUTION 5 – APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the number of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase the 15% limit under Listing Rule 7.1 by an extra 10% to 25%.

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company is an eligible entity for these purposes.

Resolution 5 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval (the **Additional 10% Placement Facility**).

If Resolution 5 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 5 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

Resolution 5 is a special resolution, accordingly at least 75% of votes cast by Shareholders eligible to vote at the Annual General Meeting must be in favour of Resolution 5 for it to be passed.

The number of Equity Securities which may be issued pursuant to the Additional 10% Placement Facility

Any Equity Securities issued under the Additional 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Company, as at the date of this Notice of Meeting, has one quoted class of Equity Securities on issue, being Shares. As such, as at the date of this Notice of Meeting, the only class of Equity Securities that the Company may issue under Listing Rule 7.1A is Shares.



Based on the number of Shares on issue at the date of this Notice, the Company will have 1,300,349,541 Shares on issue. Accordingly, if Shareholders approve Resolution 5, the Company will have the capacity to issue an additional approximately 130,034,954 Equity Securities in accordance with Listing Rule 7.1A. Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the Additional 10% Placement Capacity is a moving calculation and will be based on the formula set out in Listing Rule 7.1A at the time of issue of the Equity Securities. The table below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

The exact number of Equity Securities that the Company may issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities according to the following formula:

$(\mathbf{A} \times \mathbf{D}) - \mathbf{E}$

Where:

- A is the number of Shares on issue 12 months before the date of issue or agreement (the **Relevant Period**):
 - (i) plus the number of Shares issued in the Relevant Period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
 - (ii) plus the number of Shares issued in the Relevant Period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
 - (A) the convertible securities were issued or agreed to be issued before the commencement of the Relevant Period; or
 - (B) the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
 - (iii) plus the number of Shares issued in the Relevant Period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
 - (A) the agreement was entered into before the commencement of the Relevant Period; or
 - (B) the agreement or issue was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
 - (iv) plus the number of Shares issued in the Relevant Period with approval under Listing Rule 7.1 or Listing Rule 7.4;
 - (v) plus the number of partly paid shares that became fully paid in the Relevant Period; and
 - (vi) less the number of Shares cancelled in the Relevant Period.

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 Relevant Period where the issue or agreement to issue has not been subsequently approved by the holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

Specific information required by Listing Rule 7.3A

In compliance with the information requirements of Listing Rule 7.3A, Shareholders are advised of the following information:

(a) Issue Period

If Shareholders approve Resolution 5, the Company will have a mandate to issue Equity Securities under the Additional 10% Placement Facility under Listing Rule 7.1A from the date of the Annual General Meeting until the earlier of the following to occur:

(i) the date that is 12 months after the date of this Annual General Meeting;



- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking) (the **Additional 10% Placement Period**).

The Company will only issue and allot Equity Securities during the Additional 10% Placement Period.

(b) Minimum Issue Price

The Equity Securities to be issued will be in an existing class of quoted securities and will be issued for cash consideration at an issue price per Equity Security of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 Trading Days on which trades in the class were recorded immediately before:

- (i) the date on which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities (Agreed Date); or
- (ii) if the Equity Securities are not issued within 10 trading days of the Agreed Date, the date on which the Equity Securities are issued.

(c) Purpose of Issues

The Company intends to use any funds raised under the Additional 10% Placement Facility towards an acquisition of new assets (including expenses associated with such acquisition(s)), continued exploration on the Company's current tenements, advancement of the development of its Katanning Gold Project, and/or general working capital.

The Company will provide further information at the time of issue of any Equity Securities under the Additional 10% Placement Facility in compliance with its disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A.

(d) Dilution

As at the date of this Notice of Annual General Meeting, the Company has 1,300,349,541 Shares on issue. Accordingly, if Shareholders approve Resolution 5, the Company will have the capacity to issue approximately 130,034,954 Equity Securities under the Additional 10% Placement Facility in accordance with Listing Rule 7.1A.

If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Facility, existing Shareholders' voting power in the Company will be diluted as shown in the table below. 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 calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.



The table shows:

- (i) examples of where variable "A" is at its current level and where variable "A" has increased by 50% and by 100%;
- (ii) examples of where the issue price of ordinary securities is the current market price as at the date of this Notice of Meeting, being \$0.04 (current market price), and where the current market price is halved, and where it is doubled; and
- (iii) the dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.

Variable "A" in Listing			Dilution	
Rule 7.1A.2		\$0.02	\$0.04	\$0.08
		50% decrease	Issue Price	100% increase
		in Issue Price		in Issue Price
Current Variable A	Shares issued	130,034,954	130,034,954	130,034,954
1,300,349,541 Shares	(10% Voting	New Shares	New Shares	New Shares
	Dilution)			
	Funds raised	\$2,600,699	\$5,201,398	\$10,402,796
50% increase in current	Shares issued	195,052,431	195,052,431	195,052,431
Variable A	(10% Voting	New Shares	New Shares	New Shares
1,950,524,311 Shares	Dilution)			
	Funds raised	\$3,901,048	\$7,802,097	\$15,604,194
100% increase in	Shares issued	260,069,908	260,069,908	260,069,908
current Variable A	(10% Voting	New Shares	New Shares	New Shares
2,600,699,082 Shares	Dilution)			
	Funds raised	\$5,201,398	\$10,402,796	\$20,805,592

The table has been prepared on the following assumptions:

- 1. Variable A is 1,300,349,541 being the number of Shares on issue at the date of this Notice of Meeting.
- 2. The Company issues the maximum number of Equity Securities available under the Additional 10% Placement Facility.
- 3. No Options are converted into Shares before the date of issue of the Equity Securities.
- 4. The Company has not issued any other Equity Securities using its placement capacity under Listing Rule 7.1 or 7.1A in the 12 months preceding this Notice of Meeting.
- 5. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- 6. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- 7. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- 8. The issue of Equity Securities under the Additional 10% Placement Facility consists only of Shares
- 9. The issue price is \$0.04, being the closing price of the Shares on ASX on 1 October 2020.

(e) Allocation Policy

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the Additional 10% Placement Facility. The identity of the allottees of



Equity Securities will be determined on a case-by-case basis having regard to factors that include, but are not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues 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 Additional 10% Placement Facility have not been determined as at the date of this Notice but may include existing Shareholders and/or new investors who are not Related Parties of the Company or their associates.

If Resolution 5 is approved by Shareholders, the Company may issue Equity Securities under the Additional 10% Placement Facility during the 10% Placement Period, as and when the circumstances of the Company require.

(f) Previous issues of Equity Securities under Listing Rule 7.1A

The Company previously obtained Shareholder approval under Listing Rule 7.1A at its Annual General Meeting held on 8 November 2019 (**Previous Approval**). The Company has previously issued Equity Securities under Listing Rule 7.1A.2 in the 12 months preceding the date of this Meeting. A total of 79,200,000 Equity Securities were issued in reliance of the Previous Approval, which represents 10% of the total number of Equity Securities on issue at the commencement of the 12 month period.

The details of the issue of Equity Securities under Listing Rule 7.1A.2 in the 12 months preceding the date of this Meeting are set out in the table below.

Date of Issue	Number of Equity Securities	Class of Equity Securities and Summary of Terms	Names of recipients or basis on which recipients determined	Issue Price of Equity Securities and Discount to Market Price on the trading day prior to the Issue	Consideration
10 December 2019	79,200,000	Ordinary Fully Paid Shares	Placement under Listing Rules 7.1 and 7.1A issued to sophisticated investors	Issue price of \$0.012 per share. Discount of 7.69% to the closing market price on 10 December 2019 of \$0.013 per share.	Funds raised were \$950,400. Funds remaining as at 30 September 2020 are \$nil. Funds were expended on the Katanning Gold Project and general working capital purposes.

(g) Voting exclusion statement

A voting exclusion statement for Resolution 5 is included in the Notice of Annual General Meeting preceding this Explanatory Memorandum.

At the date of the Notice of Annual General Meeting, the Company has not approached any particular existing security holder or an identifiable class of existing security holders 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 of Annual General Meeting.



In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Meeting.

Board Recommendation

The Board believes that the Additional 10% Placement Facility is beneficial for the Company as it will give the Company the flexibility to issue further Equity Securities representing up to 10% of the Company's share capital during the next 12 months. Accordingly, the Board unanimously recommend that Shareholders approve Resolution 5.

7. RESOLUTIONS 6 TO 10 – ISSUE OF PERFORMANCE RIGHTS TO DIRECTORS

General

The Company proposes, subject to obtaining requisite Shareholder approvals, to grant a total of 52,000,000 performance rights (**Related Party Performance Rights**) to Dr Matthew Greentree, Mr Denis Rakich, Mr Richard Lockwood, Mr Geoffrey Jones and Mr Neil Fearis (or their respective nominees) (**Related Parties**) on the terms and conditions detailed below:

Name of Related Party	Performance Rights		
M Greentree	20,000,000		
D Rakich	12,000,000		
R Lockwood	8,000,000		
G Jones	6,000,000		
N Fearis	6,000,000		

The Company considers that vesting hurdles tied to the increase in gold resources in accordance with the JORC code and completion of a pre-feasibility study on the Katanning Gold Project tenements are the most appropriate milestones for Director performance at its current stage of growth. Further details of those milestones are set out in Schedule 1 to this Explanatory Memorandum.

Each of Dr Matthew Greentree, Mr Denis Rakich, Mr Richard Lockwood, Mr Geoffrey Jones and Mr Neil Fearis is a Related Party of the Company by virtue of being a Director of the Company.

Regulatory Requirements – Listing Rule 10.11

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

- (a) a related party (Listing Rule 10.11.1);
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company (Listing Rule 10.11.2);



- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so (Listing Rule 10.11.3);
- (d) an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3 (Listing Rule 10.11.4); or

a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders (Listing Rule 10.11.5), unless it obtains the approval of its shareholders.

The proposed issue of the Related Party Performance Rights falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of the Company's shareholders under Listing Rule 10.11.

Resolutions 6 to 10 (inclusive) seek the required shareholder approval to issue Related Party Performance Rights to Dr Matthew Greentree, Mr Denis Rakich, Mr Richard Lockwood, Mr Geoffrey Jones and Mr Neil Fearis (each of whom is a director of the Company) under and for the purposes of Listing Rule 10.11.

If Resolutions 6 to 10 (inclusive) are passed, the Company will be able to proceed with the issue of Related Party Performance Rights to Dr Matthew Greentree, Mr Denis Rakich, Mr Richard Lockwood, Mr Geoffrey Jones and Mr Neil Fearis within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Related Party Performance Rights to Dr Matthew Greentree, Mr Denis Rakich, Mr Richard Lockwood, Mr Geoffrey Jones and Mr Neil Fearis (because approval is being obtained under Listing Rule 10.11), the issue of the Related Party Performance Rights will not use up any of the Company's 15% annual placement capacity.

If Resolutions 6 to 10 (inclusive) are not passed, the Company will not be able to proceed with the issue of Related Party Options to Dr Matthew Greentree, Mr Denis Rakich, Mr Richard Lockwood, Mr Geoffrey Jones and Mr Neil Fearis.

As Shareholder approval is being sought under ASX Listing Rule 10.11, approval is not also required under Listing Rule 7.1.

Regulatory Requirements - Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of "financial benefits" to "related parties" by a public company. Chapter 2E 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 provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

A "related party" is widely defined under the Corporations Act, and includes the directors of the company under section 228 of the Corporations Act. As such, the Directors are related parties of the Company for the purposes of section 208 of the Corporations Act.

A "financial benefit" is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. Section 229 of the Corporations Act



includes as an example of a financial benefit, the issuing of securities or the granting of an option to a related party.

The issue of the Related Party Performance Rights under Resolutions 6 - 10 therefore constitute the provision of a financial benefit to a related party.

One of the exceptions to the prohibition is the provision by a company of a financial benefit that constitutes reasonable remuneration to a related party as an officer or employee of the company.

The Directors (other than Dr Greentree in relation to Resolution 6, Mr Rakich in relation to Resolution 7, Mr Lockwood in relation to Resolution 8, Mr Jones in relation to Resolution 9 and Mr Fearis in relation to Resolution 10 who have a material personal interest in those respective Resolutions) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Performance Rights because the agreement to issue the Related Party Performance Rights, reached as part of the remuneration packages for each Director, is considered to be reasonable remuneration in the circumstances .

Information required by Listing Rule 10.13

In accordance with Listing Rule 10.13, the following information is provided to Shareholders:

(a) Name of person to receive securities

The Related Party Performance Rights will be issued to Dr Greentree, Mr Rakich, Mr Lockwood, Mr Jones and Mr Fearis, each of whom is a Related Party of the Company by virtue of being a Director.

(b) Maximum number of securities to be issued

The total number of Related Party Performance Rights to be issued under Resolutions 6 - 10 is 52,000,000 made up as follows:

Resolution Name of Related Party		Performance Rights		
Resolution 6	M Greentree	20,000,000		
Resolution 7	D Rakich	12,000,000		
Resolution 8	R Lockwood	8,000,000		
Resolution 9	G Jones	6,000,000		
Resolution 10	N Fearis	6,000,000		

(c) Date of issue and allotment

The Related Party Performance Rights to be issued pursuant to Resolutions 6 – 10 (inclusive) will be issued on a date no later than one month after the date of the Meeting. The Company expects to issue all of the Related Party Performance Rights on the same date.

(d) Relationship with the Company

Each of Dr Greentree, Mr Rakich, Mr Lockwood, Mr Jones and Mr Fearis is a related party of the Company by virtue of being a Director and accordingly fall within the category set out in Listing Rule 10.11.1.

(e) Issue price

The Related Party Performance Rights will be granted for nil consideration and no funds will be raised by their issue.



(f) Terms of the Securities

The securities are not fully paid ordinary securities but Performance Rights. The terms and conditions of the Related Party Performance Rights are set out in Schedule 1 to this Explanatory Memorandum.

Each of the Related Party Performance Rights proposed to be issued to Dr Greentree, Mr Rakich, Mr Lockwood, Mr Jones and Mr Fearis will be subject to the following vesting conditions:

- (i) (Employment condition): the holder must be employed by, and / or be a director of the Company at the time of vesting;
- (ii) (JORC Resource condition): 50% of the Performance Rights vest upon announcement by the Company on the ASX Market Announcements Platform of a minimum of 1,600,000 ounces of Inferred, Indicated and /or Measured Resources, at a minimum lower cut off
 - grade of 0.5grams per tonne of gold reported in accordance with the JORC Code on the Katanning Gold Project tenements; and
- (iii) (Pre-feasibility study condition) 50% of Performance Rights vest upon announcement by the Company on the ASX Market Announcements Platform of a mining pre-feasibility study on the Katanning Gold Project which shows the potential to generate an internal rate of return (IRR) of greater than 20% using consensus commodity prices and Board approved assumptions.

(g) Intended use of the funds raised

No funds will be raised by the issue of the Related Party Performance Rights.

(h) Purpose of issue

The purpose of the issue of the Related Party Performance Rights is to provide a performance linked incentive component in the remuneration package for the Directors to align the interests of the Directors with those of Shareholders, to motivate and reward the performance of the Directors in their roles as Directors and to provide a cost effective way from the Company to remunerate the Directors, which will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Directors.

(i) Annual Remuneration Package

Each of Dr Greentree, Mr Rakich, Mr Lockwood, Mr Jones and Mr Fearis are Directors of the Company and the Related Party Performance Rights are being issued as remuneration to the relevant Directors. The total remuneration package for each of the Directors is as follows:



	eti.l	Remuneration				
Director	Financial Year	Base Salary & Fees	Superannuation (if applicable)	Share based payments	Total Salary and Fees	
Dr Matthew	2020/21	\$264,000	\$25,080	\$740,000*	\$1,029,080	
Greentree	2019/20	\$192,400	\$18,050	\$79,779	\$290,229	
Mr Denis Rakich	2020/21	\$210,000	\$19,950	\$444,000*	\$673,950	
	2019/20	\$144,000	\$13,300	\$66,483	\$223,783	
Mr Richard Lockwood	2020/21	\$50,000	nil	\$296*	\$346,000	
	2019/20	nil	nil	\$46,538	\$46,538	
Mr Coeffron Iones	2020/21	\$40,000	nil	\$222,000*	\$262,000	
Mr Geoffrey Jones	2019/20	\$20,000	\$1,900	\$19,945	\$41,845	
Mr Neil Fearis	2020/21	\$40,000	nil	\$222,000*	\$262,000	
	2019/20	\$25,000	nil	\$19,945	\$44,945	

^{*} Please refer to paragraph (j) below for details of the valuation of the share based payments

(j) Valuation of securities

BDO Corporate Finance (WA) Pty Ltd has provided the Company with an independent valuation of the Performance Rights, a summary table of assumptions and performance right valuation is set out below:

ltem	Performance Rights
Underlying share price as at the valuation date	\$0.037
Exercise price	nil
Commencement of performance period	06-Oct-20
Valuation date	06-Oct-20
Measurement date	30-June-22
Remaining performance period (years)	1.73
20-day VWAP volatility	100%
Dividend yield	nil%
Risk free rate	0.17%
Valuation per Right	\$0.037

Accordingly, the total value of the Related Party Performance Rights to be issued to Dr Greentree, Mr Rakich, Mr Lockwood, Mr Jones and Mr Fearis is as follows:

Director	Total Value of Related Party Options
Dr Matthew Greentree	\$740,000
Mr Denis Rakich	\$444,000
Mr Richard Lockwood	\$296,000
Mr Geoffrey Jones	\$222,000
Mr Neil Fearis	\$222,000
TOTAL	\$1,924,000



(k) Agreement to issue securities

Other than as set out in this Explanatory Memorandum, there are no further material terms of the Company's agreement to issue the Related Party Performance Rights to Dr Greentree, Mr Rakich, Mr Lockwood, Mr Jones and Mr Fearis.

(I) Voting exclusion statement

Voting exclusion statements for Resolutions 6-10 are included in the Notice of Meeting preceding this Explanatory Memorandum.

Board Recommendation

Each of Dr Greentree, Mr Rakich, Mr Lockwood, Mr Jones and Mr Fearis abstains from making a recommendation to Shareholders in relation to Resolutions 6, 7, 8, 9 and 10 respectively in view of their personal interest in the outcome of those Resolutions but recommends that Shareholders vote in favour of those Resolutions in the outcome of which they respectively do not have a personal interest.

8. RESOLUTION 11 – NON-EXECUTIVE DIRECTOR REMUNERATION

Genera

Shareholders determine the maximum aggregate amount per annum that may be paid as fees to non-executive directors (**Fee Cap**). The determination of the Fee Cap is made in accordance with ASX Listing Rule 10.17 and Clause 61.1 of the Company's constitution.

The current Fee Cap of \$120,000 is set out in the Company's constitution and was set prior to the Company listing on the ASX in 2009.

Shareholder approval is now sought to increase the Fee Cap from \$120,000 to \$250,000 per annum (an increase of \$130,000).

The Board is seeking shareholder approval to increase the Fee Cap for the following reasons:

- to provide sufficient scope for possible Board expansion, succession planning and ongoing flexibility and to allow for future adjustments to non-executive director fees in light of future increased time commitments to workload;
- (b) to ensure the Company maintains the ability to pay competitive fees and attract and retain high calibre non-executive directors; and
- (c) the increased Fee Cap will provide the Company with the flexibility to ensure that a high calibre board of appropriate size, expertise and experience is maintained to serve the Company and its shareholders effectively.

The level of fees paid to individual non-executive directors is reviewed annually for alignment with market practice. Details of the fees for the financial year ended 30 June 2020 are included in the remuneration report.

It is also noted that:

- (a) Directors do not receive additional fees for serving on any board committee;
- (b) there is no retirement benefits plan for non-executive directors; and
- (c) except for the securities set out in the table below, no securities have been issued to non-executive directors within the last three years under ASX Listing Rule 10.11 or 10.14:



Director	2018	2019	2020	
Mr Richard Lockwood	4,000,000 Performance	7,000,000 Performance	8,000,000 Performance	
	Rights	Rights	Rights*	
Mr Geoffrey Jones	2,000,000 Performance	3,000,000 Performance	6,000,000 Performance	
	Rights	Rights	Rights*	
Mr Neil Fearis	2,000,000 Performance	3,000,000 Performance	6,000,000 Performance	
	Rights	Rights	Rights*	
TOTAL	8,000,000 Performance	13,000,000 Performance	20,000,000 Performance	
	Rights	Rights	Rights*	

^{*} Including issues of securities for which shareholder approval is being sought at this Meeting. Please refer to section 7 of this Explanatory Memorandum for further details.

If this Resolution is passed, the maximum aggregate sum payable to non-executive Directors will increase to \$250,000 per annum. However, the Board does not intend to distribute all of the increase but will raise the fees for individual directors in the current year to an aggregate total of \$130,000.

If this Resolution is not passed, the current remuneration pool for non-executive directors of \$120,000 per annum will remain in place. It may however impact upon the ability of the Company to attract and retain additional high quality non-executive directors.

A voting exclusion statement for Resolution 11 is included in the Notice of Meeting preceding this Explanatory Statement.

Board Recommendation

Given the nature of this resolution, the Board does not consider that it is appropriate to make a recommendation on how shareholders should vote on this resolution. As noted in the Proxy Form, the Chairman of the AGM intends to cast all undirected proxies in favour of this resolution.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the resolutions set out in the Notice of Meeting.

Attached to the Notice of Meeting is a Proxy Form for use by shareholders. All shareholders are invited and encouraged to attend the AGM or, if they are unable to attend in person, to complete, sign and return the Proxy Form to the Company in accordance with the instructions contained in the Proxy Form and the Notice of Meeting. Lodgement of a Proxy Form will not preclude a shareholder from attending and voting at the AGM in person.



10. GLOSSARY

The following terms and abbreviations used in this Explanatory Memorandum have the following meanings:

\$	means Australian Dollars.		
Act or Corporations Act	means the Corporations Act 2001 (Cth).		
AGM or Meeting	the annual general meeting of the Company to be held on 20		
	November 2020.		
ASIC	Australian Securities and Investments Commission.		
Associate	Has the meaning given to it by Division 2 of Part 1.2 of the		
	Corporations Act.		
ASX	ASX Limited (ACN 008 624 691).		
ASX Listing Rules or Listing Rules	the Official Listing Rules of ASX, as amended from time to		
	time.		
Board	the board of directors of the Company.		
Business Day	means Monday to Friday inclusive, except New Year's Day,		
	Good Friday, Easter Monday, Christmas Day, Boxing Day, and		
	any other day that ASX declares is not a business day.		
Chairman	the person appointed to chair the Meeting convened by the		
	Notice.		
Closely Related Party	means:		
	(a) a spouse or child of the member;		
	(b) a child of the member's spouse;		
	(c) a dependent 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 dealing		
	with the entity;		
	(e) a company the member controls; or		
	(f) a person prescribed by the <i>Corporations Regulations</i>		
Commonway Association	2001 (Cth).		
Company or Ausgold	Ausgold Limited (ABN 67 140 164 496).		
Constitution	means the Company's constitution.		
Corporations Regulations	Corporations Regulations 2001 (Cth) as amended from time to		
Favilty Convibing	time.		
Equity Securities	includes a Share, a right to a Share or Option, an Option, a		
	convertible security and any security that ASX decides to		
Evalanatory Momorand	classify as an Equity Security.		
Explanatory Memorandum	the explanatory memorandum which accompanies and forms part of the Notice of Meeting.		
Key Management Personnel	has the same meaning as in the accounting standards and,		
Key Management Personner	broadly, includes those persons having authority and		
	responsibility for planning, directing and controlling the		
	activities of the Company, directly or indirectly, including any		
	director (whether executive or otherwise) of the Company.		
Notice of Meeting	the notice convening the AGM which accompanies this		
THOUSE OF INICEUIIS	Explanatory Memorandum.		
Proxy Form	the proxy form which accompanies this Explanatory		
I TONY TOTAL	Memorandum.		
Shares or Ausgold Shares	fully paid ordinary shares in the Company.		
Shareholder	a registered holder of a Share.		
Silatelloluei	a registered fiolider of a Stidle.		



SCHEDULE 1 TERMS AND CONDITIONS OF RELATED PARTY PERFORMANCE RIGHTS

The terms and conditions of the Performance Rights are set out below:

- (a) Each Performance Right entitles the holder to be issued one Share, subject to the satisfaction of vesting conditions during the vesting period and on the terms and conditions below.
- (b) Subject to the satisfaction of the vesting conditions, the Performance Rights will vest at any time up until 30 June 2022.
- (c) The vesting conditions for the Performance Rights are as follows:
 - (i) Person must be employed by, or be a director of, the Company at the time of vesting (Employment Condition);
 - (ii) 50% of Performance Rights vest upon announcement by the Company on the ASX Market Announcements Platform of a minimum of 1,600,000 ounces of Inferred, Indicated and /or Measured Resources, at a minimum lower cut off grade of 0.5grams per tonne of gold reported in accordance with the JORC Code on the Katanning Gold Project tenements; and
 - (iii) 50% of Performance Rights vest upon announcement by the Company on the ASX Market Announcements Platform of a mining pre-feasibility study on the Katanning Gold Project which shows the potential to generate an internal rate of return (IRR) of greater than 20% using consensus commodity prices and Board approved assumptions,

(together, the **Performance Conditions**).

- (d) Upon meeting a Performance Condition, the Board shall promptly provide written notice to the holder as to that determination.
- (e) Where a holder (or his nominee) receives notice from the Board that a Performance Right has vested, the Performance Right may be exercised at any time up until 5.00 pm (WST) on the date determined by the Board when the Performance Rights vest and notified to the holder (Last Exercise Date), subject to any restriction in the Corporations Act from time to time and in any event, no longer than 6 months from the date of grant of the Performance Right, by delivery to the Company Secretary of:
 - (i) the certificate for the Performance Right or, if the certificate for the Performance Rights has been lost or destroyed, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration that the certificate has been lost or destroyed; and
 - (ii) a duly completed and executed notice of exercise of a Performance Right in the form approved by the Board from time to time.
- (f) In the event that a takeover bid (as defined in the Corporations Act) to acquire ordinary shares in the Company becomes unconditional, or a merger by way of scheme of arrangement under the Corporations Act has been approved by the Court, any unvested Performance Rights will vest and become immediately exercisable, regardless of whether or not the employment, engagement or office of the person eligible to receive the Performance Rights is terminated or ceases in connection with such event.
- (g) Unless determined otherwise by the Board, a Performance Right lapses on the earlier of:
 - The Board determining that any vesting condition applicable to the Performance Right has not been satisfied, reached or met in accordance with its terms or is not capable of being satisfied, reached or met;
 - (ii) An unauthorised dealing in, or hedging of, the Performance Right;
 - (iii) The Last Exercise Date;
 - (iv) The employee in respect of whom the Performance Rights were issued (**Relevant Employee**) resigns from the Company.



Where a Performance Right has lapsed:

- (i) All rights of a holder in respect of those Performance Rights is forfeited; and
- (ii) The Company will:
 - (a) Notify the holder that the Performance Right has lapsed;
 - (b) Cancel the Performance Right;
 - (c) Not be liable for any damages or other amounts to the holder in respect of the Performance Right.
- (h) All Shares allotted on the exercise of the Performance Rights will rank equally in all respects with the then existing Shares.
- (i) The Performance Rights are not transferable
- (j) The Company will not apply to ASX for quotation of the Performance Rights. The Company will apply for quotation of all Shares in the Company allotted pursuant to the exercise of Performance Rights no later than 10 business days after the date of allotment.
- (k) The holder may only participate in new issues of securities as holders of Performance Rights if the Performance Rights have been exercised and Shares allotted in respect of the Performance Rights before the record date for determining entitlements to the issue. The Company must give to holders at least 7 business days' notice of any new issue before the record date for determining entitlements to the issue in accordance with ASX Listing Rules.
- (I) If there is a bonus issue (**Bonus Issue**) to the holders of Shares in the Company, the number of Shares over which the Performance Rights are exercisable will be increased by the number of Shares which the holder would have received if the Performance Rights had been exercised before the record date of the Bonus Issue(Bonus shares). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
- (m) If prior to the vesting date, there is a reorganisation of the issued capital of the Company, the Performance Rights are to be treated in the manner set out in ASX Listing Rules.



Ausgold Limited | ABN 67 140 164 496

Proxy Voting Form

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by 11.00am (AWST) on Wednesday, 18 November 2020, being not later than 48 hours before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below. YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: https://investor.automic.com.au/#/home Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 - APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

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

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at https://automic.com.au.

Lodging your Proxy Voting Form:

BY MAIL:

Ausgold Limited PO Box 7654 Cloisters Square Perth WA 6850

IN PERSON:

Ausgold Limited Level 16, AMP Building 140 St Georges Terrace Perth WA 6000

BY EMAIL:

info@ausgoldlimited.com

BY FACSIMILE:

+618 9220 9820

STEP 1 - How to vote						
APPOINT A PROXY: I/We being a Shareholder entitled to Friday, 20 November 2020 at Level						Dam (AWST) on
Appoint the Chair of the Meeting (or provided below the name of the person is named, the Chair, or the Chand subject to the relevant laws as the	erson or body nair's nominee,	corporate you ar to vote in accord	e appointing as ance with the fo	your proxy or faili llowing directions, c	ing the person so	named or, if no
The Chair intends to vote undirected Unless indicated otherwise by ticking Chair's voting intention. AUTHORITY FOR CHAIR TO VOTE IN Where I/we have appointed the Chair Chair to exercise my/our proxy on Reeven though Resolutions 3, 6, 7, 8,	g the "for"," ago UNDIRECTED F ir as my/our pro- esolutions 3, 6	ainst" or "abstain PROXIES ON REN DXy (or where the 1, 7, 8, 9, 10 and 1	"box you will b "UNERATION R Chair becomes (except where	e authorising the Ch ELATED RESOLUT my/our proxy by de I/we have indicated	hair to vote in acco IONS efault), I/we express d a different voting	sly authorise the intention below)
STEP 2 – Your voting direction	des the Chair.	are connected to	neeting of maine	city with the remai	neration of a men	per or the Keg
Resolutions	For Ag	ainst Abstain	Resolution	5	For Ag	ainst Abstain
1. Re-Election of Director — Mr Richard Lockwood				of Performance Rights Rakich	to	
Re-Election of Director – Mr Geoffrey Jones			O.	of Performance Rights d Lockwood	to	
Adoption of Remuneration Report				of Performance Rights ey Jones	to	
4. Ratify Allotment of Shares			10. Issue Neil Fe	of Performance Rights earis	to	
5. Approval of Additional 10% Placement Facility			1.1.	xecutive or Remuneration		
6. Issue of Performance Rights to Matthew Greentree						
Please note: If you mark the abstain box is poll and your votes will not be counted in				not to vote on that Re	esolution on a show of	hands or on a
STEP 3 – Signatures and con	tact details					
Individual or Securityholder 1 Sole Director and Sole Company Secret Contact Name:	tary Directo	Securityholder 2		Securityhol Director / Compan		

Contact Daytime Telephone Date (DD/MM/YY) By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).