
DAMPIER GOLD LIMITED

ACN 141 703 999

NOTICE OF GENERAL MEETING

TIME: 11:00 am AEDT]

DATE: 13 February 2018

PLACE: Level 27
25 Bligh Street
Sydney, NSW, Australia

The Independent Expert has concluded that the Proposed Transaction the subject of this Notice of Meeting is NOT FAIR BUT REASONABLE to non-associated Shareholders. All Shareholders are referred to the Independent Expert's Report enclosed with this Notice of Meeting.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 42 999 5000.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the Meeting will be held at 11:00 am AEDT on 13 February 2018 at:

Level 27
25 Bligh Street
Sydney, NSW, Australia

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00 pm AEDT on 11 February 2018.

VOTING IN PERSON

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

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

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

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – SALE OF AURIGIN FOODS PTY LTD

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

"That, for the purposes of ASX Listing Rule 10.1, and section 195(4) and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the sale by the Company of 100% of the issued share capital of Aurigin Foods Pty Ltd to Aurigin Australia Limited, a related party of the Company (being an entity controlled by two directors of the Company, namely Mr Malcolm Carson and Ms Annie Guo), on the terms and conditions set out in the Explanatory Statement."

Independent Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of Shareholder approval under ASX Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the Proposed Transaction the subject of this Resolution to the non-associated Shareholders of the Company. **The Independent Expert has concluded that the Proposed Transaction the subject of the Resolution is NOT FAIR BUT REASONABLE to non-associated Shareholders.**

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a party to the Proposed Transaction and any associates of those persons, except a benefit solely in the capacity of a Shareholder. 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 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.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and

the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

2. RESOLUTION 2 – APPROVAL OF LOAN TO RELATED PARTY

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

"That, for the purposes of section 195(4) and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to provide a loan totalling \$500,000 to Aurigin Foods Pty Ltd, a related party of the Company (being an entity controlled by two directors of the Company, namely Mr Malcolm Carson and Ms Annie Guo), on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the Resolution by Aurigin Foods Pty Ltd or any of its 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 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.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (c) the proxy is either:
 - (iii) a member of the Key Management Personnel; or
 - (iv) a Closely Related Party of such a member; and
- (d) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (b) the proxy is the Chair of the Meeting; and
- (c) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

DATED: 10 FEBRUARY 2018

BY ORDER OF THE BOARD

MICHAEL HIGGINSON

COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. RESOLUTION 1 – SALE OF AURIGIN FOODS PTY LTD

1.1 Proposed Transaction

On 10 January 2018, the Company entered into a share sale agreement with Aurigin Foods Pty Ltd (**Aurigin**) and Aurigin Australia Limited (**AAL**) (**Agreement**) pursuant to which the Company agreed, subject to certain conditions, to sell all of its shares in Aurigin (**Aurigin Shares**) to AAL (**Proposed Transaction**). A summary of the key terms of the Agreement are set out in Section 1.4 below.

Resolution 1 seeks Shareholder approval for the Proposed Transaction.

1.2 About Aurigin

On 24 July 2016, the Company incorporated Aurigin for the purposes of investigating the scope to create an Australian food exportation business, involving the export of high quality Australian food and agricultural products into the Chinese food market.

The purposes of considering this concept was to address an ongoing concern of Chinese consumers for safe, secure and authentic food, Aurigin's business model being to develop a food retail chain located in China.

Aurigin has three subsidiary companies, being Aurigin Foods Franchising Pty Ltd (ACN 618 778 706), Aurigin Group Limited (a Hong Kong registered company) and Aurigin Foods (Shanghai) Limited (a wholly owned subsidiary of Aurigin Group Limited), and has entered into franchising agreements with five different parties, who are in the process of locating, securing and establishing stores in several regions in China. Aurigin's management has been identifying and working with manufacturers and suppliers to establish the basis for a distribution chain to supply the franchisees.

Aurigin's intention is to be the franchisor and a sourcing, aggregating and supply company. Future revenue is intended to be derived from the sale of products, franchising fees and royalties. Aurigin has determined that considerable capital and operational costs will be incurred in establishing the franchise structure, the retail chain network and the sourcing, export and distribution chain.

The Directors have therefore been considering Aurigin's proposed business plan and the associated risks and benefits involved for Shareholders if the Company retains a direct contributing interest in Aurigin, given that the Company is predominantly a gold exploration entity. As part of this process, the Company has also been in consultation with ASX, who has queried the appropriateness of continuing to operate a business which is outside the Company's stated objectives.

The result of these considerations is that Directors have taken the view that it is not in the best interests of Shareholders to continue progressing and funding the possible development of the Aurigin business, as well as undertaking its gold exploration and development activities. As such, the Directors have resolved to seek the approval of Shareholders to enable the Company to dispose of 100% of

the issued share capital of Aurigin so that it can focus on its gold exploration and development activities.

1.3 About AAL

AAL is an entity controlled by Directors, Mr Malcolm Carson and Ms Hui Guo (who are both directors and shareholders of AAL), and is therefore a related party of the Company. Section 1.11 contains further information in relation to the related party elements of the Proposed Transaction.

Pursuant to the Proposed Transaction, the Company will acquire a shareholding interest in AAL as, upon completion of the Proposed Transaction, 10,000,000 shares in the capital of AAL (**AAL Shares**) will be allotted to the Company in consideration for the sale of the Aurigin Shares. A summary of the key terms of the Agreement are set out in Section 1.4 below.

Upon completion of the Proposed Transaction, Aurigin will be a wholly owned subsidiary of AAL, and the ownership and capital structure of AAL will be as follows:

Holder	AAL Shares and % undiluted interest in AAL	AAL Options ¹	Class 1 AAL Performance Rights ²	Class 2 AAL Performance Rights ²
Dampier Gold Limited	10,000,000 (33.33%) ³	Nil	Nil	Nil
Malcolm Carson	10,000,000 (33.33%)	10,000,000	5,000,000	5,000,000
Annie Guo	10,000,000 (33.33%)	10,000,000	5,000,000	5,000,000
Total	30,000,000 (100%)	20,000,000	10,000,000	10,000,000

Note:

1. Each AAL Option is exercisable on or before the date which is 5 years from their date of issue at \$0.20 each and entitles the holder to acquire one AAL Share upon exercise.
2. Each:
 - a. Class 1 AAL Performance Right may be converted by its holder into one AAL Share upon AAL and/or an AAL franchisee successfully opening a total of 10 Aurigin branded stores in China within two (2) years of the date of AAL being admitted to the official list of ASX (**Class 1 Milestone**). Pursuant to the terms of the Class 1 AAL Performance Rights, these performance rights vest upon the Class 1 Milestone being achieved. The holder of these performance rights then has 12 months following the date of vesting within which to notify AAL that the performance rights are to be converted into AAL Shares. Within 14 days of receipt by AAL of such notification, AAL must do all things necessary to convert the Class 1 AAL Performance Rights into AAL Shares; and
 - b. Class 2 AAL Performance Right may be converted by its holder into one AAL Share upon AAL and/or an AAL franchisee successfully opening a total of 15 Aurigin branded stores in China within three (3) years of the date of AAL being admitted to the official list of ASX (**Class 2 Milestone**). Pursuant to the terms of the Class 2 AAL Performance Rights, these performance rights vest upon the Class 2 Milestone being achieved. The holder of these performance rights then has 12 months following the date of vesting within which to notify AAL that the performance rights are to be converted into AAL Shares. Within 14 days of receipt by AAL of such notification, AAL must do all things necessary to convert the Class 2 AAL Performance Rights into AAL Shares.

3. *These 10,000,000 AAL Shares will be issued to the Company as consideration upon completion of the Proposed Transaction. Assuming AAL issues no further securities, on a fully diluted basis, the Company's AAL shareholding interests would reduce to 14.29%.*

Further information about the interests of the above parties in the Proposed Transaction and the benefits they will receive as a result, are set out in Section 1.11(b).

1.4 Key Terms

The key terms of the Agreement are as follows:

- (a) **(Agreement to buy and sell Aurigin Shares)** The Company has agreed to sell its Aurigin Shares together with any accrued rights free from encumbrances, and AAL has agreed to purchase the Aurigin Shares for the consideration described in paragraph (c) below on the terms and conditions set out in the Agreement.
- (b) **(Condition Precedent)** Completion of the Proposed Transaction is subject to and conditional on the Company, Aurigin and AAL obtaining all necessary shareholder and regulatory approvals as are required under their respective constitutions, the ASX Listing Rules and the Corporations Act.
- (c) **(Consideration)** The consideration payable by AAL to the Company for the Aurigin Shares is the issue of 10,000,000 AAL Shares **(Consideration)**.
- (d) **(Repayment of Loan)** The Company has loaned funds to Aurigin and, subject to Shareholders passing Resolution 2, expects to continue to loan funds to Aurigin pursuant to the Loan Agreement (summarised in Section 1.5 below). Under the Agreement the parties acknowledge that the Loan remains outstanding and the Company agrees that the loan facility under the Loan Agreement will continue to be made available to Aurigin post completion of the Proposed Transaction, in accordance with the terms of the Loan Agreement.
- (e) **(Representations and warranties)** The Company makes representations and warranties to AAL in respect of the Aurigin Shares, which are standard for an agreement of this nature. The Company also agrees to indemnify AAL and Aurigin against, and must pay an amount equal to, any loss suffered or incurred by AAL or Aurigin in connection with a breach of any of its warranties.

1.5 Loan Agreement

Dampier and Aurigin are also proposing to enter into a loan facility agreement pursuant to which the Company will advance to Aurigin an amount no greater than A\$500,000 **(Loan Agreement)**. As at the date of this Notice the Company has provided an unsecured loan of \$215,530 to Aurigin for the purposes of investigating and progressing Aurigin's proposed business plan, as described in Section 1.2 **(Loan)**.

Under the Loan Agreement, the Company may advance further funds, up to a maximum of \$500,000, to Aurigin for the same purpose. No interest is payable on the monies outstanding under the Loan.

The Loan becomes repayable upon the earlier of the date on which a Liquidity Event occurs and the date AAL is financially able to repay the Outstanding

Monies, or such other date as the parties agree in writing. Aurigin may also elect, with the prior consent of the Company (acting reasonably), to repay the whole or any part of the Loan before it is due to be repaid. In such circumstances the Loan cannot be redrawn and reduces the aggregate outstanding monies by the amount of the prepayment.

It is an event of default under the Loan Agreement if Aurigin fails to pay or repay any amount due by it under the Loan Agreement when it becomes due and payable within ninety (90) business days receipt of written notice given by the Company to Aurigin notifying Aurigin of such failure. It is also an event of default if Aurigin fails to perform or observe any other material obligation under the Loan Agreement and that failure is not, in the Company's reasonable opinion, remediable, or if an insolvency event occurs in relation to Aurigin or any of its subsidiaries.

1.6 Advantages and disadvantages the Proposed Transaction

The non-associated director believes that the Proposed Transaction is in the best interests of the Company for the following (non-exhaustive) reasons:

- (a) the Proposed Transaction will allow the Company to save its cash funds (as it will cease to fund the Aurigin business) which can then be used to focus on development and commercialisation of the Company's joint venture investment in the K2 mine;
- (b) the Proposed Transaction provides the Company with the opportunity to have the Loan repaid and enables the Company to retain a contribution free, equity interest in Aurigin;
- (c) the Company will retain a contribution free equity interest in Aurigin without being exposed to the high degree of operational, commercial and capital risk that direct ownership and operating a non-core food related business would involve;
- (d) the proposed Aurigin business may not be consistent with the investment objectives of all Shareholders;
- (e) ASX have indicated that continuing to fund the Aurigin business may require that the Company re-comply with Chapters 1 and 2 of the ASX Listing Rules; and
- (f) The Independent Expert has concluded that the Proposed Transaction is reasonable (though not fair) to non-associated Shareholders of the Company.

The non-associated director believes that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Proposed Transaction:

- (a) the Company would lose any future direct benefit of an increase in the market value of the Aurigin business;
- (b) the Company will only be able to participate in or derive a portion (comprising 33.33%, or potentially lesser upon the exercise or conversion of the AAL Options and AAL Performance Rights, and the possible issue of securities pursuant to a capital raising or ASX listing) of future potential profits from Aurigin's proposed business (rather than 100%);

- (c) the Proposed Transaction involves the Company selling an asset, which may not be consistent with the investment objectives of all Shareholders; and
- (d) the Proposed Transaction, as noted in the Independent Expert's Report is not considered to be fair to non-associated Shareholders (but is considered to be reasonable).

1.7 Intentions of AAL following completion of Proposed Transaction

Following completion of the Proposed Transaction, AAL intends to continue to develop and commercialise the proposed Aurigin business.

In that regard, is it envisaged that AAL will be required to raise in the order of \$1,000,000 to \$2,000,000 in start-up risk capital over the next 12 months to support the development of a franchise network and the supply chain for up to 5 to 10 Chinese based stores. It is intended that, following receipt of Shareholder approval, AAL will seek to raise such capital, which may, in part, be funded through a further drawn down under the Loan Agreement.

Should initial development prove successful, then further capital will be required to expand the business beyond the initial stores. It is envisaged that this further capital will be sought from either private investment funds or via a public listing on a recognised stock exchange.

1.8 Intentions of the Company following completion of Proposed Transaction

Following completion of the Proposed Transaction, the Company intends to:

- (a) retain its shareholding in AAL;
- (b) focus on the development of the K2 mine in accordance with the Company's farm-in agreement with Vango Mining Limited; and
- (c) appraise new business opportunities for the Company in the gold and mineral resources sector.

1.9 ASX Listing Rules

ASX Listing Rule 10.1

ASX Listing Rule 10 deals with transactions between an entity (or any of its subsidiaries) and persons in a position to influence the entity.

Listing Rule 10.1 requires the Company to obtain Shareholder approval prior to the acquisition or disposal of a substantial asset from or to a related party, a subsidiary, a substantial holder (within the meaning of Listing Rule 10.1.3) or an associate of any of them. A substantial asset is an asset valued at greater than 5% of the equity interests of the Company as set out in the latest accounts given to ASX by the Company.

The Aurigin business has been valued by the Independent Expert at approximately \$500,000 as at the date of this Notice, which is greater than 5% of the equity interests of the Company, and it is therefore considered a "substantial asset" of the Company for the purposes of Listing Rule 10.2.

Despite the value of the Aurigin Shares being sold by the Company being attributed a lesser estimated value by the Independent Expert in the range of

between nil and \$100,000, (given the Loan remains outstanding as at the date of this Notice – refer to Section 1.5), with nil being the preferred value, and because of the wide ambit of the definition of “dispose” provided in ASX Listing Rule 19.12 (which includes using an asset as collateral), the Company considers that the Proposed Transaction still falls within the ambit of Listing Rule 10.1.

Mr Malcolm Carson and Ms Hui Guo (who are directors and major shareholders of AAL) are related parties of the Company by virtue of being Directors of the Company. Accordingly, the Company seeks Shareholder approval pursuant to ASX Listing Rule 10.1.

The non-associated Director has outlined the advantages and disadvantages of the Proposed Transaction in Section 1.6 above. The non-associated Director considers that these are relevant to all Shareholders. All material information required for Shareholders to consider Resolution 1 is outlined in this Notice of Meeting (and the Independent Expert's Report).

ASX Listing Rule 10.10

Listing Rule 10.10 provides that a notice of meeting containing a 10.1 resolution must contain a report on whether the transaction is fair and reasonable from an independent expert (**Independent Expert's Report**). The Company has engaged Stantons International Securities Pty Ltd to act as independent expert in the context of the Proposed Transaction.

The Independent Expert's Report has been prepared for the purpose of assisting Shareholders' consideration and assessment of the merits of the Proposed Transaction and the making of their decision whether to vote in favour of Resolution 1. Shareholders are urged to carefully read the Independent Expert's Report, to understand the scope of the report, and the methodology and valuation and the assumptions made.

The Independent Expert has concluded that the Proposed Transaction is NOT FAIR BUT REASONABLE to the non-associated Shareholders of the Company.

A copy of the Independent Expert's Report accompanies this Notice of Meeting.

1.10 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Proposed Transaction constitutes the giving of a financial benefit to Mr Malcolm Carson and Ms Hui Guo (**Related Parties**), who are related parties by virtue of being Directors of the Company. Upon completion of the Proposed Transaction, the Related Parties will receive a financial benefit in the form of an interest in Aurigin Shares (described in further detail below).

Each Director, other than Mr Peiqi Zhang, has an interest in the outcome of Resolution 1. As such, the Directors have been unable to form quorum to determine whether the exceptions set out in sections 210 to 216 of the Corporations Act apply in the current circumstances. As such, Shareholder approval is also sought in respect of the Proposed Transaction pursuant to Chapter 2E of the Corporations Act.

1.11 Specific information required by section 219 of the Corporations Act

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act, the following information is provided in relation to the Proposed Transaction:

- (a) The Related Parties are:
 - (i) Mr Malcolm Carson, a Director; and
 - (ii) Ms Hui Guo, a Director.
- (b) The nature of the financial benefit proposed to be given to the Related Parties is an interest in Aurigin Shares (through their shareholding in AAL) and, consequently, the Aurigin business and any associated benefit or profits arising from that interest.

Shareholding interests (undiluted)

Upon completion of the Proposed Transaction the Related Parties will derive the following financial benefit by each acquiring an interest in Aurigin through their (undiluted) security holdings in AAL, as set out in the table below.

Related Party	Shareholding interest in Aurigin
Mr Malcolm Carson	33.33% (through shareholding in AAL)
Ms Hui Guo	33.33% (through shareholding in AAL)
Total aggregated interest of Related Parties	66.66%

Shareholding interests (fully diluted)

The Related Parties also hold convertible securities in the capital of AAL, comprising 20,000,000 performance rights (**AAL Performance Rights**) and 20,000,000 options (**AAL Options**).

Each Class 1 AAL Performance Right vests upon satisfaction of the Class 1 Milestone and may be converted into one AAL Share within 12 months of vesting. Each Class 2 AAL Performance Right vests upon satisfaction of the Class 2 Milestone and may be converted into one AAL Share within 12 months of vesting. Each AAL Option is exercisable at \$0.20 within 5 years from their date of issue. Milestones for the conversion of AAL Performance Rights are set out in Section 1.3.

Upon the conversion of the AAL Performance Rights and exercise of the AAL Options, a further 40,000,000 AAL Shares could be issued to the Related Parties, which would result in the Related Parties acquiring a further interest in the capital of AAL (and, consequently, a larger interest in Aurigin), which is demonstrated in the table below:

Related Party	Interest in Aurigin
Mr Malcolm Carson	42.86% (through shareholding in AAL)
Ms Hui Guo	42.86% (through shareholding in AAL)
Total aggregated interest of Related Parties	85.72%

Dilutionary effect on Company

Following completion of the Proposed Transaction, the Company will hold a 33.33% shareholding in AAL. If the AAL Performance Rights are converted and the AAL Options are exercised, this will dilute the Company's interest in AAL (and its associated interest in Aurigin) to 14.29%. In addition, the Company's interest in AAL is expected to be further diluted as a result of any proposed capital raising or ASX listing of AAL.

- (c) As determined by the Independent Expert, the value of the Aurigin business has been valued at approximately \$500,000. However, the Aurigin Shares being acquired by the Related Parties have been attributed a lesser estimated value by the Independent Expert in the range of between nil and \$100,000 (given the Loan remains outstanding as at the date of this Notice – refer to Section 1.5), with a preferred value of nil. On this basis, a maximum value of \$33,333 (being 33.33% of the total estimated maximum value of the Aurigin Shares) has been attributed to each Related Party's interest.

Based on this current valuation, the Company would also retain an interest valued at \$33,333 in Aurigin (through its 33.33% AAL shareholding) if Resolution 1 is approved.

The Company's interest in Aurigin could be diluted, on the basis described in paragraph (b) above, if the AAL Performance Rights are converted and the AAL Options are exercised.

However, in order for any such dilution to occur, the value of the Aurigin business would potentially have increased at that time, as the Milestones for conversion of AAL Performance Rights require a significant expansion to the Aurigin business.

The amount of any such increase, and the associated value attributed to Aurigin's business in such circumstances, would require reassessment by an appropriately qualified party at that time. Given a number of varying factors would be involved in this assessment, and the fact that Aurigin's business is in the early phases as at the date of this Notice, it is not possible to provide an accurate estimate of what value, or potential increase in value (if any), could be attributed to the Aurigin business in such circumstances.

- (d) The relevant interests of the Related Parties in the securities of the Company are set out below:

Director	Shares	Options
Malcolm Carson	-	6,000,000
Hui Guo	-	6,000,000

Note: Each of Mr Carson and Ms Guo hold 3,000,000 Options each exercisable at \$0.05 and expiring 31 July 2019 and 3,000,000 Options each exercisable at \$0.10 and expiring 31 July 2021.

If the Options currently held by the Related Parties are exercised, an additional 6,000,000 Shares would be issued to each Related Party (being a total of 12,000,000 Shares in aggregate). In such circumstances each Related Party would acquire a 5.52% interest (being a total aggregate interest of 11.04%) in the Company and the Company's 33.33% retained interest in Aurigin (based on the Company's current capital structure, and assuming no further Shares have been issued by the Company at that time).

- (e) The remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Mr Malcolm Carson	\$180,000	\$291,160
Ms Hui Guo	\$180,000	\$293,478

- (f) Each of Mr Malcolm Carson and Ms Hui Guo decline to make a recommendation to Shareholders in relation to Resolution 1 due to their respective material personal interests in the outcome of Resolution 1 on the basis that they will obtain a financial benefit (in the form of the interest in Aurigin described in paragraph (b)) if Resolution 1 is passed and the Proposed Transaction proceeds.
- (g) Mr Peiqi Zhang recommends that Shareholders vote in favour of Resolution 1 for the reasons set out in Section 1.6.
- (h) The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 1.

2. RESOLUTION 2 – APPROVAL OF LOAN TO RELATED PARTY

2.1 Background

As noted in Section 1.5 above, Dampier and Aurigin are proposing to enter into a Loan Agreement pursuant to which the Company will advance a Loan to of up to A\$500,000. As at the date of this Notice, a total amount of \$215,530 has been provided by the Company to Aurigin.

The key terms of the Loan Agreement are summarised in Section 1.5.

2.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Company's entry into the Loan Agreement will constitute the giving of a financial benefit to Aurigin, who is likely to become a related party by virtue of being controlled by Directors of the Company upon completion of the Proposed Transaction (provided Resolution 1 is approved). Upon entry into the Loan Agreement, Aurigin will receive a financial benefit in the form of the Loan.

Each Director, other than Mr Peiqi Zhang, has an interest in the outcome of Resolution 2. As such, the Directors have been unable to form quorum to determine whether the exceptions set out in sections 210 to 216 of the Corporations Act apply in the current circumstances. As such, Shareholder approval is also sought in respect of the Company's proposed entry into the Loan Agreement pursuant to Chapter 2E of the Corporations Act.

2.3 Specific information required by section 219 of the Corporations Act

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act, the following information is provided in relation to the Company's proposed entry into the Loan Agreement:

- (a) The related party is Aurigin Foods Pty Ltd, an entity which will be controlled by Mr Malcolm Carson and Annie Guo, Directors, upon completion of the Proposed Transaction.
- (b) The nature of the financial benefit proposed to be given to Aurigin is a direct interest in the proceeds of the Loan. The Loan will be provided in accordance with the terms of the Loan Agreement, the terms of which are summarised in Section 1.5. As noted in that Section, no interest is payable on the Loan, which is unsecured.
- (c) As at the date of this Notice, the value of the Loan provided by the Company to Aurigin is \$215,530. Pursuant to the Loan Agreement, a maximum amount of \$500,000 can be advanced to Aurigin under the Loan.
- (d) Aurigin does not have any relevant interest in the securities of the Company, and has not received any other monetary amounts from the Company in the previous financial year other than the amount specified in paragraph (c) above, and does not expect to receive any further monetary amounts in the current financial year outside of the Loan.
- (e) Each of Mr Malcolm Carson and Ms Hui Guo decline to make a recommendation to Shareholders in relation to Resolution 2 due to their respective material personal interests in the outcome of Resolution 2 on the basis that they will control the recipient of the Loan, Aurigin, upon completion of the Proposed Transaction if Resolution 1 is passed and the Proposed Transaction proceeds.
- (f) Mr Peiqi Zhang recommends that Shareholders vote in favour of Resolution 2 for the following reasons:
 - (i) the advancement of the Loan will assist Aurigin to establish its business, which in turn, increases the likelihood of Loan repayment; and

- (ii) whether or not the Proposed Transaction proceeds, the Company will retain a direct or indirect interest in Aurigin, and will therefore be able to participate with any benefit associated with the establishment of the Aurigin business, which will be assisted by the provision of the Loan;
 - (iii) otherwise, for the reasons set out in Section 1.6.
- (g) The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 2.

GLOSSARY

\$ means Australian dollars.

AAL means Aurigin Australia Limited (ACN 622 691 409).

AAL Option means an option to acquire an AAL Share.

AAL Performance Right means either or both, as the context requires, of the Class 1 AAL Performance Rights and the Class 2 AAL Performance Rights, which each convert into AAL Shares upon satisfaction of the relevant Milestone.

AAL Share means a share in the capital of AAL.

AEDT means Australian Eastern Daylight Time as observed in Sydney, New South Wales, Australia.

Agreement has the meaning given in Section 1.1.

Asset Sale means the sale by AAL of the whole or substantially the whole of the business or assets of the Aurigin Group on arms' length terms to one or more buyers whether in a single transaction or a series of related transactions.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Aurigin means Aurigin Foods Pty Ltd (ACN 613 840 458).

Aurigin Group means Aurigin and each of its subsidiaries.

Aurigin Share means a fully paid ordinary share in the capital of Aurigin.

Board means the current board of directors of the Company.

Chair means the chair of the Meeting.

Class 1 Milestone means the milestone described in Note 2(a) under the table in Section 1.3.

Class 1 AAL Performance Right means an AAL Performance Right with the terms set out in Note 2(a) under the table in Section 1.3.

Class 2 Milestone means the milestone described in Note 2(b) under the table in Section 1.3.

Class 2 AAL Performance Right means an AAL Performance Right with the terms set out in Note 2(b) under the table in Section 1.3.

Closely Related Party of a member of the Key Management Personnel 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 Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Dampier Gold Limited (ACN 141 703 399).

Consideration means the consideration payable for the Aurigin Shares, as described in Section 1.4(c).

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Independent Expert means Stantons International Securities Pty Ltd (ACN 128 908 289).

Independent Expert's Report means the report prepared by the Independent Expert.

IPO means the initial public offering of shares or other securities in AAL (or any securities in a vehicle to be listed) in conjunction with a listing or quotation of shares or other securities in AAL on the ASX, or equivalent admission to trading or permission to deal on any other recognised stock exchange.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Loan has the meaning given to the term in Section 1.5.

Loan Agreement means the loan facility agreement between the Company and Aurigin, as summarised in Section 1.5.

Liquidity Event means, in respect of AAL of Aurigin (as applicable), the successful completion of any of the following events:

- (a) a Share Sale;
- (b) an Asset Sale;
- (c) an IPO,

or such other event or series of events which, together have the effect of allowing a realisation of the fair market value of all of the securities or assets in Aurigin Group.

Milestone means the Class 1 Milestone or the Class 2 Milestone.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Proposed Transaction means the proposed sale by Company to AAL of the Aurigin Shares.

Proxy Form means the proxy form accompanying the Notice.

Related Parties means Mr Malcolm Carson and Ms Annie Guo.

Resolution means the resolution set out in the Notice.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Share Sale means the sale or transfer by AAL of all or substantially all of Aurigin's securities held by AAL on arm's length terms to one or more buyers as part of a single transaction.

Shareholder means a holder of a Share.

PROXY FORM

DAMPIER GOLD LIMITED
ACN 141 703 399

GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 11:00 am AEDT, on Tuesday 13 February 2018 at Level 27, 25 Bligh Street, Sydney, NSW, Australia, and at any adjournment thereof.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting

Resolution 1 Sale of Aurigin Foods Pty Ltd
Resolution 2 Approval of Loan to Related Party

FOR	AGAINST	ABSTAIN
☐	☐	☐
☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail YES ☐ NO ☐
in relation to this Proxy Form:

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(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 of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Dampier Gold Limited, 29 Brookside Place, Lota, QLD 4179; or
 - (b) facsimile to the Company on facsimile number +61 7 3901 0751; or
 - (c) email to the Company at admin@dampiergold.com,

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.

10 January 2018

The Directors
Dampier Gold Limited
29 Brookside Place
LOTA QLD 4079

Dear Sirs

RE: DAMPIER GOLD LIMITED (“DAU” “DAMPIER” OR “THE COMPANY”) (ACN 43 141 703 399) SEEKS SHAREHOLDER APPROVAL FOR THE SALE OF ITS 100% OWNED SUBSIDIARY AURIGIN FOODS PTY LTD (“AURIGIN”) TO AURIGIN AUSTRALIA LIMITED (“AAL”), A RELATED PARTY OF DAMPIER, PURSUANT TO AUSTRALIAN SECURITIES EXCHANGE (“ASX”) LISTING RULE 10.1

1. Introduction

- 1.1 Stantons International Securities Pty Ltd (trading as Stantons International Securities) (“We” or “SIS”) has been requested by the Directors of DAU to prepare an Independent Expert’s Report to determine the fairness and reasonableness relating to the proposed sale of 100% of the shares in Aurigin to a company controlled by two directors of Dampier (Malcolm Carson and Hui Guo) that will be referred to in the Notice of Meeting of Shareholders (“Notice”) and the Explanatory Statement (“ES”) attached to the Notice planned to be distributed to DAU shareholders in January 2018. Resolution 1 of the Notice seeks the approval of DAU shareholders for the sale of Aurigin to AAL (“the Proposed Transaction”).
- 1.2 On 10 January 2018, DAU, Aurigin and AAL entered into a Share Sale Agreement in relation to the proposed sale of 100% of the shares in Aurigin to AAL. The consideration payable (“Sale Consideration”) by AAL to DAU will be the issue of 10,000,000 AAL shares (“AAL Shares”). Resolution 1 in the Notice seeks to obtain DAU shareholder approval for the sale of Aurigin to AAL and the issue of the AAL Shares to DAU.
- 1.3 On 24 July 2016, the Company incorporated Aurigin for the purposes of investigating the establishment of an Australian food exportation business, involving the export of high quality Australian food and agricultural products into the Chinese food market.

The purposes of considering this concept was to address an ongoing concern of Chinese consumers for safe, secure and authentic food. Aurigin’s business model being to develop a food retail chain located in China.

Aurigin has three subsidiary companies, being Aurigin Foods Franchising Pty Ltd (ACN 618 778 706), Aurigin Group Limited (a Hong Kong registered company) and Aurigin Foods (Shanghai) Limited (a wholly owned subsidiary of Aurigin Group Limited), and has entered into franchising agreements with five different parties, who are in the process of locating, securing and establishing stores in several regions in China. Aurigin and its subsidiaries are also known in this report as the Borrower Group. In assessing value, we have taken a Group approach and not individually valued each subsidiary. At this stage, the subsidiaries are non-operating or are just used to sign up franchisees. It is also noted that the five franchisees signed up to date have yet to commence any business and are in negotiations to acquire premises. The five franchisees are exempt from paying

up front fees and we have been advised that the next forty five franchisees will also be exempt from paying up front fees (initially planned to be \$100,000 per franchise).

Aurigin's management has been identifying and working with manufacturers and suppliers to establish the basis for a distribution chain to supply the franchisees.

Aurigin's intention is to be the franchisor and a sourcing, aggregating and supply company.

Future revenue is intended to be derived from the sale of products, franchising fees and royalties. Aurigin has determined that considerable capital and operational costs will be incurred in establishing the franchise structure, the retail chain network and the sourcing, export and distribution chain.

The directors of DAU have therefore been considering Aurigin's proposed business plan and the associated risks and benefits involved for DAU shareholders if the Company retains a direct contributing interest in Aurigin, given that the Company is predominantly a gold exploration entity. As part of this process, the Company has also been in consultation with ASX, who has queried the appropriateness of continuing to operate a business which is outside the Company's stated objectives.

The result of these considerations is that directors of DAU have taken the view that it is not in the best interests of Shareholders to continue progressing and funding the possible development of the Aurigin business, as well as undertaking its gold exploration and development activities. As such, the Directors have resolved to seek the approval of Shareholders to enable the Company to dispose of 100% of the issued share capital of Aurigin so that it can focus on its gold exploration and development activities.

- 1.4 In addition, DAU and Aurigin intend, subject to approval by Dampier shareholders, to enter into a Loan Facility Agreement that limits the loan amount to be made by DAU to Aurigin to \$500,000 ("Outstanding Monies"). The total amount advanced by DAU to Aurigin as at 4 November 2017 is \$215,520. Any Outstanding Monies are intended to be repaid on the Repayment Date as defined in the Loan Facility Agreement (see below). The Loan Facility Agreement will be signed upon receipt of shareholder approval at DAU's forthcoming general meeting.

Repayment Date means the earlier of the date on which a Liquidity Event occurs and the date AAL is financially able to repay to the Outstanding Monies, or such other date as the parties agree in writing.

Liquidity Event means, in respect of AAL or the Borrower (as applicable), the occurrence of any of the following events:

- (a) a Share Sale;
- (b) an Asset Sale; and
- (c) an IPO,

or such other event or series of events which, together have the effect of allowing a realisation of the fair market value of all of the securities or assets in the Borrower Group.

Share Sale means the sale or transfer by AAL of all or substantially all of the Borrower's securities on arm's length terms to one or more buyers as part of a single transaction.

Asset Sale means the sale by AAL of the whole or substantially the whole of the business or assets of the Borrower Group on arm's length terms to one or more buyers whether in a single transaction or a series of related transactions.

IPO means the initial public offering of shares or other securities in AAL (or any securities in a vehicle to be listed) in conjunction with a listing or quotation of shares or other securities in AAL

on the ASX, or equivalent admission to trading or permission to deal on any other recognised stock exchange.

- 1.5 AAL is a recently formed unlisted public company set up to acquire all of the shares in Aurigin. AAL is an entity controlled by Directors, Mr Malcolm Carson and Ms Hui Guo (who are both directors and shareholders of AAL), and are therefore a related party of the Company. Section 1 of the ES attached to the Notice contains further information in relation to the related party elements of the Proposed Transaction.

Pursuant to the Proposed Transaction, the Company will acquire a shareholding interest in AAL as, upon completion of the Proposed Transaction, 10,000,000 shares in the capital of AAL (the AAL Shares) will be allotted to the Company in consideration for the sale of 100% of the issued share capital of Aurigin. A summary of the key terms of the Share Sale Agreement are set out in Section 1 of the ES attached to the Notice.

- 1.6 Upon completion of the Proposed Transaction, Aurigin will be a wholly owned subsidiary of AAL, and the ownership and capital structure of AAL will be as follows:

Holder	AAL Shares and % undiluted interest in AAL	AAL Options	Class 1 AAL Performance Rights	Class 2 AAL Performance Rights
Dampier Gold Limited	10,000,000 (33.33%)	Nil	Nil	Nil
Malcolm Carson	10,000,000 (33.33%)	10,000,000	5,000,000	5,000,000
Hui Guo	10,000,000 (33.33%)	10,000,000	5,000,000	5,000,000
Total	30,000,000 (100%)	20,000,000	10,000,000	10,000,000

Note:

Each AAL Option is exercisable on or before the date which is 5 years from their date of issue at \$0.20 each and entitles the holder to acquire one AAL Share upon exercise.

Each:

- (a) Class 1 AAL Performance Right may be converted by its holder into one AAL Share upon AAL successfully opening 10 stores in China within two (2) years of the date of AAL being admitted to the official list of ASX (**Class 1 Milestone**). Pursuant to the terms of the Class 1 AAL Performance Rights, these performance rights vest upon the Class 1 Milestone being achieved. The holder of these performance rights then has 12 months following the date of vesting within which to notify the Purchaser that the performance rights are to be converted into Purchaser shares. Within 14 days of receipt by the Purchaser of such notification, the Purchaser must do all things necessary to convert the Class 1 AAL Performance Rights into AAL Shares; and
- (b) Class 2 AAL Performance Right may be converted by its holder into one AAL Share upon AAL successfully opening 15 stores in China within three (3) years of the date of AAL being admitted to the official list of ASX (**Class 2 Milestone**). Pursuant to the terms of the Class 2 AAL Performance Rights, these performance rights vest upon the Class 2 Milestone being achieved. The holder of these performance rights then has 12 months following the date of vesting within which to notify the Purchaser that the performance rights are to be converted into Purchaser shares. Within 14 days of receipt by the Purchaser of such notification, the Purchaser must do all things necessary to convert the Class 2 AAL Performance Rights into AAL Shares.

The 10,000,000 AAL Shares will be issued to the Company in consideration for completion of the Proposed Transaction. Assuming AAL issues no further securities, on a fully diluted basis, the Company's AAL shareholding interests would reduce to 14.29%.

- 1.7 Listing Rule 10.1 of the ASX Listing Rules relevantly provides that shareholder approval is required before a listed company may sell a substantial asset to persons in a position of influence. This includes selling a substantial asset to a related party or a substantial shareholder.

The Proposed Transaction represents a sale of a substantial asset of DAU based on the 30 June 2017 audited accounts as the deemed value of Aurigin represents more than 5% of the equity interest of DAU as of the last financial statements lodged with the ASX (last audited accounts lodged with ASX were for the financial years ended 30 June 2017).

It is noted that DAU and AAL have common directors in Malcolm Carson ("Carson") and Hui Guo ("Guo") and Messrs Carson and Guo are also substantial shareholders of AAL. As such, they are both related parties of Dampier. Where a sale of a substantial asset takes place, the Listing Rules require an Independent Expert's Report to report as to whether the relevant transaction is fair and reasonable to the non-associated shareholders.

- 1.8 To assist shareholders in making a decision on the Proposed Transaction, the DAU directors have requested that SIS prepare an Independent Expert's Report, which must state whether, in the opinion of the Independent Expert, the Proposed Transaction as set out in Resolution 1 is fair and reasonable to the non-associated shareholders of DAU.

- 1.9 Apart from this introduction, this report considers the following:

- Summary of opinion
- Implications of the Proposed Transaction between DAU and AAL
- Corporate history and nature of DAU's business
- Future direction of DAU
- Value of consideration as to the Proposed Transaction
- Consideration as to fairness and reasonableness of the Proposed Transaction
- Conclusion as to fairness and reasonableness of the Proposed Transaction
- Sources of information
- Appendix A and our Financial Services Guide

- 1.10 In determining the fairness and reasonableness of the Proposed Transaction pursuant to Resolution 1, we have had regard for the definitions set out by the Australian Securities and Investments Commission ("ASIC") in its Regulatory Guide 111, "Content of Expert Reports". Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of "fairness" is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above-mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash. An offer is "reasonable" if it is fair.

An offer may also be reasonable, if despite not being "fair", there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer.

Accordingly, our report in relation to Resolution 1 comprising the approval to dispose of DAU's shareholding interest in Aurigin to AAL is concerned with the fairness and reasonableness of the proposal with respect to the existing non-associated shareholders of DAU.

- 1.11 **In our opinion, taking into account the factors noted elsewhere in this report including the factors (positive, negative and other factors) noted in section 8 of this report, the Proposed Transaction outlined above and in Resolution 1 is considered to be not fair but reasonable at the date of this report.**

- 1.12 The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this Report.

2. Implications of the Proposed Transaction with AAL

- 2.1 As at 3 December 2017, there are 95,740,141 ordinary fully paid shares on issue in DAU.

The significant registered fully paid shareholders as at 22 September 2017, based on the top 20 shareholders list were disclosed as follows:

	No. of fully paid shares	% of issued fully paid shares
Quian Hang	16,567,247	17.30
Dezhi Qui	12,847,844	13.42
Columbus Minerals Pty Ltd	12,630,849	13.19
	<u>42,045,940</u>	<u>43.91</u>

The top 20 shareholders at 22 September 2017 owned approximately 74.88% of the ordinary issued capital of the Company.

- 2.2 As at 31 December 2017, the Company had 6,000,000 share options outstanding, exercisable at 5 cents each, on or before 31 July 2019 and 6,000,000 share options exercisable at 10 cents each on or before 31 July 2021.
- 2.3 If the Proposed Transaction is completed by selling DAU's shareholding interest in Aurigin to AAL, DAU's share structure would not change, however, it would receive 10,000,000 AAL Shares.

DAU, would increase its relevant shareholding interest in AAL from nil shares to 10,000,000 shares in AAL (approximately 33.33% of the expanded issued capital of AAL after the issue of the AAL Shares but prior to any further share issues by AAL). If all of the AAL Options are exercised and all of the Performance Rights in AAL are converted to ordinary shares in AAL, DAU's shareholding interest in AAL would reduce to approximately 14.29%. Refer paragraph 1.6 above. It would be expected that the value of AAL would have increased as AAL would have received \$4,000,000 from the exercise of the AAL Options and AAL would have significantly increased its business activities (currently none) as the Aurigin Group would have 15 stores in China and AAL would be listed on the ASX. As a consequence of a proposed capital raising and the proposed ASX listing, the number of AAL shares on issue will increase further. As such, further diluting DAU's shareholding in AAL below the 14.29% level.

- 2.4 Following completion of the Proposed Transaction, AAL intends to continue to develop and commercialise the proposed Aurigin business. In that regard, is it envisaged that AAL will be required to raise between \$1,000,000 to \$2,000,000 in start-up risk capital over the next 12 months to support the development of a franchise network and the supply chain for up to 5 to 10 Chinese based stores. It is intended that following the receipt of Shareholder approval, AAL will seek to raise such capital, which may, in part, be funded through a further drawn down under the Loan Agreement (although no further funds will be borrowed by Aurigin from DAU following Shareholder approval of Resolution 1).

Should initial development prove successful, then further capital will be required by AAL to expand the business beyond the initial stores. It is envisaged that this further capital will be sought from either private investment funds or via a public listing on a recognised stock exchange.

- 2.5 The current Board of Directors is not expected to change in the near future following the passing of Resolution 1 at the proposed shareholders meeting. New directors may be appointed in the future as and when the need arises. The existing directors of DAU are Malcolm Carson, Guo and Peipi Zhang.

3. Corporate History and Nature of Business

- 3.1 DAU is a listed mineral investment, exploration and evaluation company on the ASX. Its main project is farming into the K2 Mine Project currently owned by Vango Mining Limited (“Vango”). DAU had owned the K2 Mine Project but sold such project to Vango in August 2016. Under the amended term sheet with Vango, DAU has agreed to contribute to the development of the K2 Mine up to the lesser of 50% of CAPEX or \$3,000,000 to the development, exploration and mining of gold ore and its processing for the extraction of gold and any other item as agreed between the joint venture parties.

DAU stands to earn up to a further \$6,000,000 from the successful development of the K2 Mine in milestone and royalty payments pursuant to the sale in 2016 by DAU of its 40% interest in the Plutonic Dome Gold Project. DAU has announced that it has negotiated the terms of a debt package to cover its share of the capital costs of the K2 Mine and Vango is in the process of negotiating its capital raising requirements (not yet finalised at the date of this report). Subject to all financing, development of the K2 Mine is planned for the second quarter of 2018 with production commencing in the third or fourth quarter of 2018 (but this may be delayed to 2019).

- 3.3 Further details are in announcements made by DAU to the ASX to 4 December 2017 and shareholders are encouraged to read recent reports and announcements post 4 December 2017 before determining whether to vote for or against Resolution 1 in the Notice.
- 3.4 Details on AAL and Aurigin are outlined elsewhere in this report and in the ES attached to the Notice.

4. Future Directions of DAU

- 4.1 We have been advised by the directors and DAU that:
- The composition of DAU’s board is not expected to change in the short term as a result of the Proposed Transaction. The proposed divestment of the 100% interest in Aurigin will allow the board to concentrate on the K2Mine Project Joint Venture with Vango and seek other mineral projects for the Company;
 - The Company has no further plans at the date of this report to enter into transactions with AAL (other than the Proposed Transaction);
 - No dividend policy has been set;
 - The Company may seek new capital by way of debt and share issues as part of the proposed development and commercialisation of the K2 Mine.

5. Value of Consideration received from the Sale of Aurigin

- 5.1 The consideration payable by AAL to DAU is the issue of a total of 10,000,000 AAL Shares.

AAL is a recently formed unlisted public company and effectively has no or minimal funds and thus its shares prior to the Proposed Transaction have no or minimal value.

Following completion of the Proposed Transaction, AAL intends to continue to develop and commercialise the proposed Aurigin business. In that regard, it is envisaged that AAL will be required to raise between \$1,000,000 to \$2,000,000 in start-up risk capital over the next 12 months to support the development of a franchise network and the supply chain for up to 5 to 10 Chinese based stores. It is intended that following the receipt of Shareholder approval, AAL will seek to raise such capital, which may, in part, be funded through a further drawn down under the Loan Agreement (although no further funds will be borrowed by Aurigin from DAU following Shareholder approval of Resolution 1).

Post the completion of the Proposed Transaction the value of the shares in AAL as noted above will still have minimal value until the franchisees commence significant business undertakings. At this point of time, no value can be separately attributed to the franchise agreements and the value of AAL post Proposed Transaction will in effect be the monies spent by Aurigin Foods but noting that the expanded AAL Group will have a liability due to DAU of up to \$500,000. The minority shareholders interest in AAL post the Proposed Transaction is thus still assessed at \$nil. The longer term value, if any, cannot be reliably assessed. Refer Section 6 below.

Should initial development prove successful, then further capital will be required by AAL to expand the business beyond the initial stores. It is envisaged that this further capital will be sought from either private investment funds or via a public listing on a recognised stock exchange.

- 5.2 Subject to a Liquidity Event occurring, the Outstanding Monies advanced by DAU to Aurigin will be repaid to DAU, but this cannot be assured. The Outstanding Monies as at 4 November 2017 stands at \$215,520 but may be as much as \$500,000 at the date Shareholders vote on the proposal set out in Resolution 1 of the Notice.

6. Basis of Valuation of a 100% interest in Aurigin

- 6.1 In considering the proposal to allow the sale of DAU's 100% shareholding interest in Aurigin to AAL, we have sought to determine if the consideration payable by AAL is fair and reasonable to the existing non-associated shareholders of DAU.
- 6.2 The proposal to allow the sale of DAU's 100% interest in Aurigin to AAL would be fair to the existing non-associated shareholders if the value of the consideration being offered by AAL is greater than or equal to the value of DAU's 100% interest in Aurigin. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on DAU's 100% shareholding interest in Aurigin for the purposes of this report.
- 6.3 Aurigin Foods was established in mid-2016 to establish a new business; procuring Australian foods and exporting them to China, for sale through a franchise network. It is a typical start-up with reasonable early stage start-up costs incurred in developing and setting up a totally new business activity within the ASX listed company Dampier Gold Limited.

The business has incurred some \$208,000 in costs to date and some senior management have spent a small proportion of their time and effort investigating this new business opportunity. An additional \$292,000 of future costs have already been committed and are expected to be incurred before mid-February 2018.

The sales strategy is to develop a chain of grocery / deli chain stores, rather than competing against the many online suppliers. Product strategy is to concentrate on four sectors:

1. Australian ice-cream
2. Australian coffee, tea, drinks and snacks
3. Australian wine
4. Australian groceries

The business is still only at its formative stage, with no revenues and a considerable way to go before it can be launched and generate any revenues. Any potential profits are estimated to be in excess of 2 years away, at a minimum.

Future revenues are solely dependent on setting up a successful supply chain to purchase Australian goods and sell them through a network of licensee distributors in China. The business has located certain quality suppliers of Australian product (honey, ice cream & bread) but needs to negotiate and establish secure long term supply contracts from several more suppliers in order to underpin a successful business model. The business employs 1 full-time employee, Helen Tang on a \$75,000 annual salary. Suppliers and subcontractors have been engaged as and when required. Directors' have worked part-time in the business to date and they continue to provide executive guidance and support. The business has operated in Dampier Gold's premises since July 2016. The premises are leased and a market rent is paid.

A specific detailed franchise agreement has been developed, at a cost of \$45,000 using franchise consultants, DC Strategy. Franchise agreements to date, have been signed with five Australian resident Chinese nationals. Conceptual store and packaging designs have recently been completed. Franchisees are in the process of locating, securing and establishing stores in several regions in China. Aurigin has been working with manufacturers and suppliers to establish a distribution chain to supply the franchisees.

Determining a fair market value is normally achieved using one or more accepted valuation techniques. These techniques include but are not limited to:

- a) the net present value of the projected cash flows (Discounted Cash Flow Method)
- b) net asset backing based (on an orderly realisation of the assets)
- c) industry market method
- d) the capitalisation of future maintainable earnings
- e) the economic value of assets method

a) The discounted cash flow method is normally considered a superior technical approach because it allows for fluctuations in future performance to be recognised. It also values the business on the basis of the future free cash flows generated. To utilise this methodology requires reliable long-term cash flow forecasts. The start-up formative nature of the business does not lend itself to the development of reliable forecasts, nor has is any historical information of cash flow movements relevant. This leads to a conclusion that the discounted cash flow method may be an inappropriate method to rely upon. On this basis we have decided not to apply this methodology.

b) When there aren't sufficient profits to justify the use of an income-based method, a valuation may be derived solely on the basis of the book value of assets. This a useful valuation reference point, however, its often a low-ball valuation, as the assets should be priced at a higher economic value and for service businesses it underestimates the value because there are very few assets in use.

c) The industry market method may be used in industry sectors where there are a relatively large number of participants, sale of these businesses occur on a frequent basis and where the sale price is known to the broader public. In these sectors current market prices can be established for similar businesses and which allow for comparison with any features unique to the business under consideration. This can provide a basis for forming a reasonable market opinion. Whilst we have considered public information on the exporting of Australian products to China, there is insufficient activity or sale of comparable businesses that are publicly available for this method to be utilised.

d) The capitalisation of future maintainable earnings is a reliable methodology to employ for mature profitable businesses. This method capitalises pre-tax earnings and establishes a value for the enterprise. This method requires the determination of the future maintainable earnings of the business, assessment of an appropriate capitalisation rate and valuation of any assets surplus to the core business. This method is commonly used in the valuation of businesses where there is a trading history, business continuity and it is reasonable to expect that the value of the business is likely to exceed the underlying value of the net assets. This is not relevant in the case of the Aurigin business.

e) The Economic Value of Assets Method (net asset backing method), whilst valuable as a comparison tool, is generally considered to be inappropriate for valuing businesses under a going concern concept. As this method assumes that the value of the business rests in its underlying assets and that the value of those assets as recorded in the financial statements of the company is a reasonable reflection of current value. Where a business holds significant amounts of fixed assets the valuation of those assets under a going concern concept may be at variance with their realisation value. Further the net asset backing method ignores goodwill considerations or the value of intellectual property, unless this has been recorded in the financial statements. In the specific case of the Aurigin Foods business, given it's at an early start-up formative stage business, its value exists in the assets it has built up, minus any liabilities.

For this reason, we have considered an Economic Value of Assets methodology, as the primary valuation methodology but even this may not reflect a value in the future or an accurate current value. Aurigin is in a start-up phase and thus ascribing a fair value has many risks. In effect, the value in the future will be dependent on Aurigin raising new capital and commercially exploiting its planned business activities.

Only preliminary forecasts have been prepared and we are of the view that we cannot assess with any degree of accuracy, the assumptions made in the preliminary forecast and thus have not relied on the preliminary forecasts to 30 June 2023. Earnings before interest, tax, depreciation, amortisation ("EBITDA") are forecasted for 2019 onwards but this is highly dependent on number of franchise agreements entered into and Aurigin raising sufficient capital.

The more appropriate basis of valuation is d) **The Economic value of assets method** and on this basis is estimated as follows:

Details	A\$'000
Specific costs incurred to date	208
Additional costs committed to and to be incurred by mid- February2018	292
Total	500
Estimated of internal Employees and Senior Management Time	100
Total	600

Our review of the different business valuation models is summarised as follows:

A\$'000	Low	High
Discounted Cash Flow Method	N/A as cash flow negative	
Net asset backing based on an orderly realisation of	N/A as service business	
Industry market method	N/A – as no ready market	
Future maintainable earnings	N/A as start-up business	
Economic value of assets method	500	600

Having regard for:

- the net tangible asset position of the business,
- the low value of goodwill associated with the business
- the unknown future nature of the Chinese market
- the specialised and competitive nature of the market
- the volatility in revenues and earnings for the business

we believe an approximate current valuation of the business of Aurigin Foods is in the range of \$400,000 to \$600,000 with a mid-range value of the business at \$500,000.

In assessing value, we have taken a Group approach and not individually valued each subsidiary. At this stage, the subsidiaries are non-operating or are just used to sign up franchisees. It is also noted that the five franchisees signed up to date have yet to commence any business and are in negotiations to acquire premises. The five franchisees are exempt from paying up front fees and we have been advised that the next forty-five franchisees will also be exempt from paying up front fees (initially planned to be \$100,000 per franchise).

However, as we are valuing the shares in Aurigin and it has debt due to DAU of approximately \$215,520 but expected not to exceed \$500,000 at the date of shareholder approval and thus the net fair value at the date of shareholder approval may fall in the range of \$nil to \$100,000 **with a preferred fair value of \$nil.**

The up to \$500,000 will be spent on setting up the Aurigin business, entering into franchise agreements (travel, legal, etc), salaries, consulting, design fees and other costs associated with a set-up of a new business activity.

7 Conclusion as to Fairness on the Proposed Transaction

- 7.1 The proposal for AAL to acquire DAU's shareholding interest in Aurigin for the Consideration noted is believed fair to DAU's non-associated shareholders if the value of the Consideration offered is equal to or greater than the value of a 100% interest in Aurigin. Due to the start-up nature of the business of Aurigin (and its subsidiaries) valuations are dependent upon the value placed on the present value of future cash flows that at this stage cannot be reliably estimated.
- 7.2 Given the Consideration currently prior to the Proposed Transaction has nil or minimal value and the value of Aurigin cannot be reliably estimated at this stage (but refer to paragraph 6.3 above that ascribes a possible range of values), the Proposed Transaction can be considered to be not fair to the non-associated shareholders of DAU.
- 7.3 **Based on the reasons outlined in 7.2 above, the Proposed Transaction as outlined in Resolution 1 to the Notice is considered on balance to be not fair to the non-associated shareholders of DAU.**

8. Reasonableness of the proposal in relation to Resolution 1 being the Proposed Transaction

- 8.1 We set out below some of the advantages and disadvantages and other factors pertaining to the Proposed Transaction with AAL.

Advantages

- 8.2 AAL will assume the obligations to fund the Aurigin business activities following approval of the Proposed Transaction by DAU shareholders which is expected to occur in February 2018. The maximum amount outstanding by Aurigin to DAU may be as much as \$500,000 (as at 4 November 2017, \$215,520) and the ceasing of funding Aurigin, that has yet to prove its business model and business will be commercially successful, will save the cash funds of DAU that will be used to

concentrate on the development and commercialisation of DAU's interest in the K2 Mine (refer above).

- 8.3 The Proposed Transaction provides the Company with the opportunity to have the Loan repaid and enables the Company to retain a contribution free, equity interest in Aurigin.
- 8.4 The Company will still retain a contribution free equity interest in Aurigin without being exposed to the high degree of operational, commercial and capital risk that direct ownership and operating a non-core food related business would involve.
- 8.5 The proposed Aurigin business may not be consistent with the investment objectives of all Shareholders.
- 8.6 ASX have indicated that continuing to fund the Aurigin business may require that the Company re-comply with Chapters 1 and 2 of the ASX Listing Rules.

Disadvantages

- 8.7 The Company would lose any future direct benefit of an increase in the market value of the Aurigin business.
- 8.8 The Company will only be able to participate in or derive a portion (comprising a maximum of 33.33%, or lesser upon the exercise or conversion of the AAL Options and AAL Performance Rights, the proposed AAL equity issue and ASX listing of AAL) of future potential profits from Aurigin's proposed business (rather than 100%).
- 8.9 The Proposed Transaction involves the Company selling an asset, which may not be consistent with the investment objectives of all Shareholders.
- 8.10 The Proposed Transaction as noted above is considered to be not fair.

Other Factors

- 8.11 The proposed Aurigin business may not be consistent with the investment objectives of all Shareholders; and
- 8.12 ASX have indicated that continuing to fund the Aurigin business may require that the Company re-comply with Chapters 1 and 2 of the ASX Listing Rules.

9. Conclusion as to Reasonableness

- 9.1 **In our opinion, in the absence of a superior proposal and after taking into account the factors noted elsewhere in this report including the factors (positive, negative and other factors) noted in section 8 of this report, the Proposed Transaction as outlined above and Resolution 1 is considered to be reasonable to those shareholders not associated with AAL (and their Associates) at the date of this report.**

10. Shareholder Decision

- 10.1 Stantons International Securities Pty Ltd has been engaged to prepare an independent expert's report setting out whether in its opinion the proposal as outlined in Resolution 1 and as more fully described in the ES is fair and reasonable and state reasons for that opinion. Stantons International Securities Pty Ltd has not been engaged to provide a recommendation to shareholders in relation to the proposals under Resolution 1 (and Resolution 2). The responsibility for such a voting recommendation lies with the independent director of DAU.

- 10.2 In any event, the decision whether to accept or reject Resolution 1 (and Resolution 2) is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If in any doubt as to the action they should take in relation to the proposal under Resolution 1 (and Resolution 2) shareholders should consult their own professional adviser.
- 10.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in DAU. This is an investment decision upon which Stantons International Securities Pty Ltd does not offer an opinion and is independent on whether to accept the proposal under Resolution 1 (and Resolution 2). Shareholders should consult their own professional adviser in this regard.

11. Sources of Information

- 11.1 In making our assessment as to whether the proposal to effect the Proposed Transaction with AAL is fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company, AAL and their asset that is relevant to the current circumstances. In addition, we have held discussions with the management/directors of DAU about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors of DAU.
- 11.2 Information we have received includes, but is not limited to:
- Draft Notices and Explanatory Statement to Shareholders of DAU prepared to 5 January 2018;
 - Discussions with a director and management of DAU;
 - Details of historical market trading of DAU ordinary fully paid shares recorded by ASX to 31 December 2017;
 - Shareholding details of DAU as at 22 September 2017;
 - Shareholding details of AAL as at 23 November 2017;
 - Announcements made by DAU from 1 January 2016 to 10 January 2018;
 - Audited consolidated financial accounts of DAU for the year ended 30 June 2017;
 - Unaudited financial accounts of Aurigin for the year ended 30 June 2017;
 - Unaudited accounts of DAU for the period 1 July 2017 to 25 October 2017;
 - The draft Share Sale Agreement between DAU, Aurigin and AAL of December 2017;
 - The signed Share Sale Agreement of 10 January 2018;
 - The unsigned Loan Facility Agreement between DAU and Aurigin of December 2017; and
 - Draft of a Franchise Agreement and copies of the five franchise agreements signed to date.
- 11.3 Our report includes Appendix A and our Financial Services Guide attached to this report.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)



John P Van Dieren - FCA
Director

APPENDIX A

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd dated 10 January 2018, relating to the Proposed Transaction with AAL as outlined in paragraphs 1.2 of the report and Resolution 1 in the Notice of Meeting to Shareholders and the ES proposed to be distributed to the DAU shareholders in January 2018.

At the date of this report, Stantons International Securities Pty Ltd does not have any interest in the outcome of the proposals. There are no relationships with DAU, Aurigin and, AAL other than acting as an independent expert for the purposes of this report. It is noted that Stantons International Audit and Consulting Pty Ltd, the parent entity of Stantons International Securities Pty Ltd are the auditors of DAU. Before accepting the engagement Stantons International Securities Pty Ltd considered all independence issues and concluded that there were no independence issues in accepting the Sale to prepare the Independent Experts Report. There are no existing relationships between Stantons International Securities Pty Ltd and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at a maximum of \$12,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities Pty Ltd nor John Van Dieren or Martin Michalik have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Stantons International Securities Pty Ltd does not hold any securities in DAU, Aurigin or AAL. There are no pecuniary or other interests of Stantons International Securities Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities Pty Ltd, John Van Dieren and Martin Michalik have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

QUALIFICATIONS

We advise Stantons International Securities Pty Ltd is the holder of an Australian Financial Services Licence (no 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. The directors of Stantons International Audit and Consulting Pty Ltd are the directors of Stantons International Securities Pty Ltd. Stantons International Securities Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

Mr John Van Dieren FCA (author of the report) and Mr Martin Michalik (ACA) (quality control reviewer), the persons responsible for the release of this report, have extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the Directors of DAU in order to assist them to assess the merits of the Proposed Transaction as outlined in Resolution 1 to the ES to which this report relates. This report has been prepared for the benefit of DAU's shareholders and does not provide a general expression of Stantons International Securities Pty Ltd opinion as to the long- term value of DAU, AAL, Aurigin and their assets and subsidiaries. Stantons International Securities Pty Ltd does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of the DAU and AAL Groups. Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities Pty Ltd to the form and context in which it appears.

DUE CARE AND DILEGENCE

This report has been prepared by Stantons International Securities Pty Ltd with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the proposal set out in Resolution 1 to the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolution 1.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities Pty Ltd may rely on information provided by DAU and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities Pty Ltd experience and qualifications), DAU has agreed:

- (a) To make no claim by it or its officers against Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which DAU may suffer as a result of reasonable reliance by Stantons International Securities Pty Ltd on the information provided by DAU; and
- (b) To indemnify Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from DAU or any of its officers providing Stantons International Securities Pty Ltd any false or misleading information or in the failure of DAU or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities Pty Ltd.

A draft of this report was presented to DAU directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

**FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)
Dated 10 January 2018**

1. Stantons International Securities ABN 42 128 908 289 and Financial Services Licence 448697 (“SIS” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. **Financial Services Guide**

In the above circumstances, we are required to issue to you, as a retail client a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licenses.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 448697;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. **Financial services we are licensed to provide**

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. **General Financial Product Advice**

In our report, we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. **Benefits that we may receive**

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. **Remuneration or other benefits received by our employees**

SIS has no employees and Stantons International Audit and Consulting Pty Ltd charges a fee to SIS. All Stantons International Audit and Consulting Pty Ltd employees receive a salary. Stantons International Audit and Consulting Pty Ltd employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. **Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. **Associations and relationships**

SIS is ultimately a wholly subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. Stantons International Audit and Consulting Pty Ltd trades as Stantons International that provides audit, corporate services, internal audit, probity, management consulting, accounting and IT audits.

From time to time, SIS and Stantons International Audit and Consulting Pty Ltd and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. **Complaints resolution**

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities
Level 2
1 Walker Avenue
WEST PERTH WA 6005

When we receive a written complaint, we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited (“FOSL”). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details set out above.

Telephone	08 9481 3188
Fax	08 9321 1204
Email	jvdieren@stantons.com.au