



SOVEREIGN GOLD  
COMPANY LIMITED

**NOTICE OF THE  
ANNUAL GENERAL MEETING  
AND EXPLANATORY STATEMENT**

The Annual General Meeting of  
Sovereign Gold Company Limited

ACN 145 184 667

BDO - The Hay Room

38 Station Street

Subiaco, WA 6008

AUSTRALIA at 9.00 am on 31 May 2016.

## NOTICE OF THE ANNUAL GENERAL MEETING

### Sovereign Gold Company Limited ACN 145 184 667

Notice is hereby given that the Annual General Meeting of members of Sovereign Gold Company Limited (the **Company**) will be held at BDO - The Hay Room, 38 Station Street, Subiaco, WA AUSTRALIA at 9.00 am (Western Australia Time) on 31 May 2016.

#### Ordinary Business

##### 1. Financial Statements and Reports

To receive the Company's financial statements and the reports of the Directors and the Auditors for the financial year ended 31 December 2015.

##### 2. Resolution 1: Ordinary resolution to adopt the Remuneration Report

To consider, and if thought fit, pass the following resolution **as a non-binding resolution**.

*"That the Directors' Remuneration Report for the year ended 31 December 2015 be and is hereby adopted for the purposes of the Corporations Act 2001(Cth)".*

**NOTE:** this Remuneration Report is set out on pages 11 to 14 of the Directors' Report contained in the 2015 Annual Report in accordance with Section 250R(3) of the *Corporations Act 2001(Cth)*.

#### Voting Exclusion Statement

The company will disregard any votes cast on Resolution 1 (in any capacity, whether as proxy or as shareholder) by any of the following:

- a) Key Management Personnel; and
- b) Closely Related Parties of Key Management Personnel.

However, the Company need not disregard a vote if it is:

- a) Cast by a person as proxy appointed in accordance with the directions on the proxy form that specify how the proxy is to vote on Resolution 1; and the vote is not cast on behalf of a person described in subparagraphs (a) and (b) above; or
- b) Cast by the chair of the Meeting as proxy appointed in accordance with the directions of the proxy form for a person who is entitled to vote, and such appointment on the proxy form expressly authorises the chair to exercise the proxy even if the resolution is connected directly with the remuneration report; and the vote is not cast on behalf of a person described in subparagraphs (a) and (b) above.

##### 3. Election of directors

###### a) Resolution 2: Ordinary resolution to elect Mr Patrick Glovac as a Director

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

*"That Patrick Glovac, retiring in accordance with Article 49.1.1 of the Company's Constitution, be elected as a director of the Company".*

Note: The qualifications and experience of Patrick Glovac is provided in the 2015 Annual Report tabled at this Annual General Meeting.

###### b) Resolution 3: Ordinary resolution to elect Mr Charles Thomas as a director

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

*"That Charles Thomas, retiring in accordance with Article 49.1.1 of the Company's Constitution, be elected as a director of the Company".*

Note: The qualifications and experience of Charles Thomas is provided in the 2015 Annual Report tabled at this Annual General Meeting.

c) **Resolution 4: Ordinary resolution to elect Mr Rocco Tassone as a Director**

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

*“That Rocco Tassone, retiring in accordance with Article 49.1.1 of the Company’s Constitution, be elected as a director of the Company”.*

Note: The qualifications and experience of Rocco Tassone is provided in the 2015 Annual Report tabled at this Annual General Meeting.

**4. Ratification of Previous Share Issues**

a) **Resolution 5: Ordinary resolution to ratify previous share issue**

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 7.4, and for all other purposes, the shareholders of the Company approve and ratify the allotment and issue of 119,053,650 fully paid ordinary shares, at an issue price of \$0.002 each, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement**

The Company will disregard any votes cast on Resolution 5 by any person who has participated in the share issue under this Resolution 5 or an associate of any of those persons. However, the Company will not disregard the vote if:

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

b) **Resolution 6: Ordinary resolution to ratify previous share issue**

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 7.4, and for all other purposes, the shareholders of the Company approve and ratify the allotment and issue of 40,603,386 fully paid ordinary shares, at an issue price of \$0.002225 each, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement**

The Company will disregard any votes cast on Resolution 6 by any person who has participated in the share issue under this Resolution 6 or an associate of any of those persons. However, the Company will not disregard the vote if:

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

c) **Resolution 7: Ordinary resolution to ratify previous share issue**

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 7.4, and for all other purposes, the shareholders of the Company approve and ratify the allotment and issue of 38,765,711 fully paid ordinary shares, at an issue price of \$0.0024 each, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement**

The Company will disregard any votes cast on Resolution 7 by any person who has participated in the share issue under this Resolution 7 or an associate of any of those persons. However, the Company will not disregard the vote if:

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

## 5. Resolution 8: Special Resolution to Approve an Additional 10% Placement Facility

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

*“That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, approval is given by the shareholders to allow the Company to issue equity securities up to 10% of the issued capital of the Company (at the time of the issue), calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”*

Note: this resolution is a special resolution and can only be passed if at least 75% of the votes cast, in person or by proxy, by members who are entitled to vote on the resolution, vote in favour.

**Voting Exclusion Statement**

The Company will disregard any votes cast on Resolution 8 by any person who may participate in the proposed issue under this Resolution 8 and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 8 is passed or an associate of any of those persons. However, the Company will not disregard the vote if:

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

## 6. Resolution 9 – 12: Issue of Unlisted Options to Directors and a past Director

### a) Resolution 9: Ordinary Resolution to issue Unlisted Options to Director Rocco Tassone

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

*“That, for the purposes of section 195 (4) of the Corporations Act, ASX Listing Rule 10.11 and any other purposes, approval is given to issue Rocco Tassone (or his nominee), a director of the Company, 35,000,000 Unlisted Options each at \$0.004 per option and exercisable within 3 years from the date of issue and otherwise on the terms described in the Explanatory Memorandum.”*

**Voting Exclusion Statement**

The Company will disregard any votes cast on Resolution 9:

- a) by Rocco Tassone (or his nominee) or an associate of any of those persons;
- b) as a proxy by a person who is a member of the Company's KMP at the date of the Meeting or their closely related parties.

However, the Company will not disregard the vote if:

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

b) **Resolution 10: Ordinary Resolution to issue Unlisted Options to Director Charles Thomas**

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

*“That, for the purposes of section 195 (4) of the Corporations Act, ASX Listing Rule 10.11 and any other purposes, approval is given to issue grant Charles Thomas (or his nominee), a director of the Company, 35,000,000 Unlisted Options each at \$0.004 per option and exercisable within 3 years from the date of issue and otherwise on the terms described in the Explanatory Memorandum.”*

**Voting Exclusion Statement**

The Company will disregard any votes cast on Resolution 10:

- a) by Charles Thomas or his nominee or an associate of any of those persons;
- b) as a proxy by a person who is a member of the Company's KMP at the date of the Meeting or their closely related parties.

However, the Company will not disregard the vote if:

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

c) **Resolution 11: Ordinary Resolution to Issue Unlisted Options to Director Patrick Glovac**

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

*“That, for the purposes of section 195 (4) of the Corporations Act, ASX Listing Rule 10.11 and any other purposes, approval is given to issue Patrick Glovac (or his nominee), a director of the Company, 35,000,000 Unlisted Options each at \$0.004 per option and exercisable within 3 years from the date of issue and otherwise on the terms described in the Explanatory Memorandum.”*

**Voting Exclusion Statement**

The Company will disregard any votes cast on Resolution 11:

- a) by Patrick Glovac (or his nominee) or an associate of any of those persons;
- b) as a proxy by a person who is a member of the Company's KMP at the date of the Meeting or their closely related parties.

However, the Company will not disregard the vote if:

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

d) **Resolution 12: Ordinary Resolution to Issue Unlisted Options to Former Director Michael Leu**

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

*“That, for the purposes ASX Listing Rule 10.11 and any other purposes, approval is given to issue Michael Leu (or his nominee), a chief geologist of the Company, 5,000,000 Unlisted Options, on terms outlined in this Explanatory Statement”.*

**Voting Exclusion Statement**

The Company will disregard any votes cast on Resolution 12 by Michael Leu (or his nominee) or an associate of any of those persons. However, the Company will not disregard the vote if:

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

## 7. Resolution 13 – 14: Issue of Unlisted Options to Other Parties

### a) Resolution 13: Ordinary Resolution to Issue Unlisted Options to Company Secretary Henry Kinstlinger

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

*“That, for the purposes of ASX Listing Rule 7.1, and any other purposes, approval is given to issue Henry Kinstlinger (or his nominee), a company secretary of the Company, 5,000,000 Unlisted Options, on terms outlined in this Explanatory Statement”.*

**Voting Exclusion Statement**

The Company will disregard any votes cast on Resolution 13 by Henry Kinstlinger (or his nominee), or a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 13 is passed or an associate of any of those persons. However, the Company will not disregard the vote if:

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

### b) Resolution 14: Ordinary Resolution to Issue Unlisted Options to Mishtalem Pty Ltd

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

*“That, for the purposes of ASX Listing Rule 7.1, and any other purposes, approval is given to issue Mishtalem Pty Ltd an advisor of the Company, 5,000,000 Unlisted Options, on terms outlined in this Explanatory Statement”.*

**Voting Exclusion Statement**

The Company will disregard any votes cast on Resolution 14 by Mishtalem Pty Ltd or a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 14 is passed or an associate of any of those persons. However, the Company will not disregard the vote if:

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

## 8. Resolution 15: Consolidation Resolution

### Resolution 15: Ordinary Resolution to Consolidate Shares

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

*“That, in accordance with section 254H of the Corporations Act and for all other purposes, the Shares be consolidated on 16 August 2016 or another date determined by the Board on the basis of 1 share for every 3 shares held, on the terms and conditions outlined in the Explanatory Statement”.*

**9. Resolutions 16: Election of Nominated Directors**

**Resolution 16: Ordinary resolution to elect Brennan Westworth as a Director**

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

*“That Brennan Westworth, be elected as a director of the Company in accordance with Article 48.3 of the Company’s Constitution”.*

Note: The qualifications and experience of Brennan Westworth is provided in the following Explanatory Statement.

**10. Resolution 17: Non-Executive Directors’ Remuneration Pool**

**Resolution 17: Special Resolution to Increase Non-Executive Director’s Remuneration Pool**

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

*“That, for the purposes of ASX Listing Rule 10.17 and Article 52.1 of the Company’s Constitution and for all other purposes, the maximum aggregate amount of remuneration that may be paid to the Company’s non-executive directors in any financial year is increase by \$100,000, from \$200,000 to \$300,000, effective immediately.”*

**Voting Exclusion Statement**

The Company will disregard any votes cast on Resolution 17 :

- a) by any Directors of the Company or an associate of a Director, regardless of the capacity in which the vote is cast; and
- b) as a proxy by a person who is a member of the Company’s KMP at the date of the Meeting or their closely related parties.

However, the Company will not disregard the vote if:

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

**11. Resolution 18 and 19: Removal and Appointment of Auditor**

**a) Resolution 18: Ordinary Resolution to remove Company Auditor**

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

*“That, subject to the passing of Resolution 19, K.S. Black & Co, the current auditor of the Company, be removed as the auditor of the Company effective from the date of the Annual General Meeting.”*

**b) Resolution 19: Ordinary Resolution to appoint new Company Auditor**

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

*“That, subject to the passing of Resolution 18, the firm BDO Audit (WA) Pty Ltd, being qualified to act as auditor of the Company and having consented in writing to act as auditor of the Company, be appointed as the Company’s auditor effective from the date of the Annual General Meeting.”*

## **12. Other Business**

To transact any other business which may be legally brought before an Annual General Meeting, in accordance with the Company's Constitution and the Corporations Act 2001 (Cth).

By Order of the Board

A handwritten signature in blue ink, appearing to be 'H. Kinstlinger', with a stylized loop and a horizontal stroke extending to the right.

Henry Kinstlinger  
Company Secretary  
28 April 2016

**This Notice of Meeting is accompanied by an Explanatory Statement that explains the purpose of the Meeting and the resolutions to be considered at the Meeting.**



## EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide shareholders of Sovereign Gold Company Limited (**the Company** or **SOC**) with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of the Company.

The directors recommend that shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

If you have any queries regarding the matters set out in this Explanatory Statement or the preceding Notice please contact the Company or your professional advisor.

### 1. Financial Statements and Reports

The *Corporations Act* 2001 (Cth) requires the Financial Report, Directors' Report and Auditor's Report for the past financial year to be tabled before the Annual General Meeting, and the Company's Constitution provides for such reports to be received and considered at that meeting. Neither the *Corporations Act* 2001(Cth) nor the Company's Constitution requires a vote of shareholders at the Annual General Meeting on such Reports. The Annual General Meeting provides a forum for shareholders to ask questions and make comments on the Company's reports and accounts and on the business and operations of the Company for the year ended 31 December 2015.

In addition, shareholders may, at the meeting, ask questions of the auditor in relation to the following matters;

- the conduct of the audit;
- the content of the auditor's report;
- the accounting policies adopted by the Company for the preparation of the financial statements; and
- the auditor's independence in relation to the above items.

Shareholders may view the Company's Annual Financial Report on the Company's website [www.sovereigngold.com.au](http://www.sovereigngold.com.au)

### 2. Resolution 1 – Adoption of Directors' Remuneration Report

In accordance with Section 250R(2) of the *Corporations Act* 2001 (Cth), a resolution that the Remuneration Report be adopted must be put to a vote at the Company's Annual General Meeting. The vote on this resolution is advisory only and does not bind the directors or the Company. The Remuneration Report is set out in the Company's year 2015 Annual Report and is also available from the Company's website [www.sovereigngold.com.au](http://www.sovereigngold.com.au)

The Remuneration Report:

- describes the policies behind, and the structure of, the remuneration arrangements of the Company and the link between the remuneration of executives and the Company's performance;
- sets out the remuneration arrangements in place for each director and for certain members of the senior management team; and
- explains the difference between the bases for remunerating non-executive directors and senior executives, including Chief Executive Officer.

If the Company's Remuneration Report resolution receives 'NO' votes of 25% or more of the votes cast at the meeting, the Company's subsequent remuneration report will include a report on actions taken by the Board in the Company's next annual report.

The Board will take the outcome of the vote, even if it received a less than 25% 'NO' vote into consideration when reviewing the Company's remuneration policy. A 'NO' vote of 25% or more **was not** received at the Company's 2014 Annual General Meeting.

### **3. Election of Directors**

#### **3.1 Resolution 2 - Election of Mr Patrick Glovac as a Director of the Company**

Article 49.1.1 of the Company's Constitution states that the directors may at any time appoint a person to be a director and directors so appointed hold their office until the conclusion of the next Annual General Meeting of the Company whereby they are eligible for election.

Mr Patrick Glovac was appointed on 14 December 2015. In accordance with Article 49.1.1 Mr Patrick Glovac offers himself for election. The qualifications and experience of Mr Patrick Glovac are provided in the 2015 Annual Report tabled at this Annual General Meeting.

#### **Resolution 3 - Election of Mr Charles Thomas as a Director of the Company**

Article 49.1.1 of the Company's Constitution states that the directors may at any time appoint a person to be a director and directors so appointed hold their office until the conclusion of the next Annual General Meeting of the Company whereby they are eligible for election.

Mr Charles Thomas was appointed on 14 July 2015. In accordance with Article 49.1.1 Mr Charles Thomas offers himself for election. The qualifications and experience of Mr Charles Thomas are provided in the 2015 Annual Report tabled at this Annual General Meeting.

#### **Resolution 4 - Ordinary resolution to elect Mr Rocco Tassone as a Director**

Article 49.1.1 of the Company's Constitution states that the directors may at any time appoint a person to be a director and directors so appointed hold their office until the conclusion of the next Annual General Meeting of the Company whereby they are eligible for election.

Mr Rocco Tassone was appointed on 14 July 2015. In accordance with Article 49.1.1 Mr Rocco Tassone offers himself for election. The qualifications and experience of Mr Rocco Tassone are provided in the 2015 Annual Report tabled at this Annual General Meeting.

### **4. Ratification of Previous Share Issues**

#### **4.1 Resolution 5: approve the July 2015 issue of 119,053,650 shares**

Resolution 5 seeks shareholder ratification of the 10 July 2015 issue of 119,053,650 fully paid ordinary shares at an issue price of \$0.002 per share pursuant to placement through an underwriter announced on 29 June 2015.

The purpose of the issue of placement shares was to raise capital for the Company's exploration activities and to provide working capital.

Subject to certain exceptions, ASX Listing Rule 7.1 restricts a company from issuing or agreeing to issue equity securities in any 12 months period which amount to more than 15% of the Company's ordinary securities on issue at the commencement of that period without shareholder approval.

Provided the issue did not breach the 15% threshold in ASX Listing Rule 7.1, the ASX Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval. Subsequent approval of the placement by shareholders will "refresh" the Company's ability to issue shares up to the 15% limit without further shareholder approval.

The Company seeks shareholder ratification of the issue of shares under the private placement so that the Company will have flexibility to issue further securities should the need or opportunity arise.

In accordance with the requirements of ASX Listing Rule 7.5, the following information is provided to shareholders to allow them to assess Resolution 5:

- a) A total number of 119,053,650 shares were allotted and issued.
- b) The shares were issued at an issue price of \$0.002 per share.
- c) The placement was an "excluded offer" to clients of GTT Ventures Pty Limited pursuant to an underwriting agreement.

- d) The shares were fully paid ordinary shares and rank equally in all respects with the existing fully paid ordinary shares on issue.
- e) Funds raised by the issue of shares pursuant to the placement agreement have been used for exploration activities and working capital requirements.
- f) A Voting Exclusion Statement has been included for the purpose of Resolution 5.

#### **4.2 Resolution 6: approve the July 2015 issue of 40,603,036 shares**

Resolution 6 seeks shareholder ratification of the 10 July 2015 issue of 40,603,386 fully paid ordinary shares at an issue price of \$0.002225 per share pursuant to a placement to an underwriter announced on 29 June 2015.

The purpose of the issue of the placement shares was to raise capital for the Company's exploration activities and to provide working capital.

Subject to certain exceptions, ASX Listing Rule 7.1A restricts a company from issuing or agreeing to issue equity securities in any 12 months period which amount to more than 10% of the Company's ordinary securities calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

ASX Listing Rule 7.4 permits the ratification of previous issues of securities made with approval under Listing Rule 7.1A. Subsequent approval of the placement by shareholders will "refresh" the Company's ability to issues shares up to the 10% limit.

The Company seeks shareholder ratification of the issue of shares under the private placement so that the Company will have flexibility to issue further securities should the need or opportunity arise.

In accordance with the requirements of ASX Listing Rule 7.5, the following information is provided to shareholders to allow them to assess Resolution 6:

- a) A total number of 40,603,386 shares were allotted and issued.
- b) The shares were issued at an issue price of \$0.002225 per share.
- c) The placement was an "excluded offer" to clients of GTT Ventures Pty Limited pursuant to an underwriting agreement.
- d) The shares were fully paid ordinary shares and rank equally in all respects with the existing fully paid ordinary shares on issue.
- e) Funds raised by the issue of shares pursuant to the placement agreement have been used for exploration activities and working capital requirements.
- f) A Voting Exclusion Statement has been included for the purpose of Resolution 6.

#### **4.3 Resolution 7: approve the February 2016 issue of 38,765,711 shares**

Resolution 7 seeks shareholder ratification of the 1 February 2016 issue of 38,765,711 fully paid ordinary shares at an issue price of \$0.0024 per share pursuant to a private placement to sophisticated and professional investors announced on 22 January 2016.

The purpose of the issue of the placement shares was to raise funds for working capital.

Subject to certain exceptions, ASX Listing Rule 7.1A restricts a company from issuing or agreeing to issue equity securities in any 12 months period which amount to more than 10% of the Company's ordinary securities calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

ASX Listing Rule 7.4 permits the ratification of previous issues of securities made with approval under Listing Rule 7.1A. Subsequent approval of the placement by shareholders will "refresh" the Company's ability to issues shares up to the 10% limit.

The Company seeks shareholder ratification of the issue of shares under the private placement so that the Company will have flexibility to issue further securities should the need or opportunity arise.

In accordance with the requirements of ASX Listing Rule 7.5, the following information is provided to shareholders to allow them to assess Resolution 7:

- a) A total number of 40,603,386 shares were allotted and issued.
- b) The shares were issued at an issue price of \$0.002225 per share.
- c) The placement was an “excluded offer” to sophisticated and professional investors introduced by GTT Ventures Pty Limited.
- d) The shares were fully paid ordinary shares and rank equally in all respects with the existing fully paid ordinary shares on issue.
- e) Funds raised by the issue of shares pursuant to the placement agreement have been used for working capital requirements.
- f) A Voting Exclusion Statement has been included for the purpose of Resolution 7.

#### **5. Resolution 8 –Special Resolution to Approve an Additional 10% Placement Facility**

ASX Listing Rule 7.1 prohibits a listed company from issuing equity securities representing more than 15% of its issued capital in any twelve month period without obtaining shareholder approval (subject to certain exceptions).

However, under ASX Listing Rule 7.1A, a company can seek shareholder approval to allow up to an additional 10% capacity to issue the same class as existing quoted class of securities over a twelve month period after an annual general meeting.

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue equity securities under the 10% Placement Facility. The Company has previously sought approval under ASX Listing Rule 7.1A. If Resolution 8 is approved as a special resolution then the Company, within 12 months after shareholder approval, may issue an additional 10% equity securities calculated in accordance with the formula in ASX Listing Rule 7.1A.2 which is as follows:

$$(A \times D) - E \text{ where}$$

**A** = the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement to issue:

- a) plus the number fully paid ordinary shares issued in the last 12 months under an exception to ASX Listing Rule 7.2;
- b) plus the number of partly paid ordinary shares that became fully paid within the last 12 months;
- c) plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of shares under ASX Listing Rule 7.1 and 7.4 (this does not include an issue of fully paid shares under the equity's 15% capacity without shareholder approval);
- d) less the number of fully paid ordinary shares cancelled in the 12 months.

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

$$D = 10\%$$

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

The following information is provided to shareholders for the purposes of obtaining shareholder approval pursuant to ASX Listing Rule 7.3A:

- a) the minimum price at which equity securities can be issued will be calculated in accordance with ASX Listing Rule 7.1A.3 which states the issue price of each equity security must be no less than 75% of the volume weighted average price for equity securities in that class calculated over the 15 days trading days on which trades in that class were recorded immediately before:
  - the date on which the price at which equity securities are to be issued is agreed; or
  - if the equity securities are not issued within 5 trading days of the date in paragraph (a), the date on which the equity securities are issued.
- b) if Resolution 8 is approved by shareholders and the Company issues equity securities under the 10% Placement Facility, existing shareholders voting power in the Company will be diluted as shown in the table below under point d). There is a risk that:
  - the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of this approval under rule 7.1A; and
  - the equity securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date or the equity securities are issued as part of the acquisition of a new asset;

which may have an effect on the amount of funds raised by the issue of the equity securities.

- c) As at the date of this Notice, the Company would have capacity to issue:
  - **148,817,062 (992,113,745 x 15%)** ordinary shares on the basis that Resolutions 5, 6 and 7 are approved pursuant to ASX Listing Rule 7.1; or
  - **0 (793,690,998 x 15% - (198,422,747))** ordinary shares if Resolutions 5, 6 and 7 are not approved pursuant to ASX Listing Rule 7.1; and
  - **99,211,375 (992,113,745 x 10%)** ordinary shares on the basis that Resolutions 5, 6 and 7 are approved pursuant to ASX Listing Rule 7.1A; or
  - **79,369,099 (793,690,998 x 10%)** shares if Resolutions 5, 6 and 7 are not approved pursuant to ASX Listing Rule 7.1A.
- d) the table below shows examples of possible dilution of existing shareholders, on the basis of the market price of \$0.003 per share on 05 April 2016 and the current number of fully-paid ordinary shares on issue of 992,113,745 as at the date of this Notice pursuant to the definition of variable "A" under ASX Listing Rule 7.1A;

Variable A as per ASX Listing Rule 7.1A2		Dilution		
		\$0.0015 50% decrease in issue	\$0.003 issue price	\$0.006 100% increase in issue price
<b>Current Variable A</b> 992,113,745 shares	10% Voting Dilution	99,211,375 shares	99,211,375 shares	99,211,375 shares
	Funds Raised	\$148,817	\$297,634	\$595,268
<b>50% Increase in Current Variable A</b> 1,488,170,617 shares	10% Voting Dilution	148,817,062 shares	148,817,062 shares	148,817,062 shares
	Funds Raised	\$223,226	\$446,451	\$892,902
<b>100% Increase in Current Variable A</b> 1,984,227,490 shares	10% Voting Dilution	198,422,749 shares	198,422,749 shares	198,422,749 shares
	Funds Raised	\$297,634	\$595,268	\$1,190,536

This table has been prepared on the following assumptions:

- the Company issues the maximum number of equity securities available under the 10% Placement Facility.
- the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
- the table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Facility, based on that shareholder's holding at the date of the Meeting.
- the table shows only the effect of issues of equity securities under ASX Listing Rule 7.1A, not under the 15% Placement Capacity under ASX Listing Rule 7.1.

- e) Shareholder approval of the additional 10% as per ASX Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained. This approval will cease on the earlier to occur of:
- o the date that is 12 months after the date of the annual general meeting at which the approval is gained; or
  - o the date of the approval by shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- f) the Company may seek to issue the equity securities for the following purposes:
- o non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or

- cash consideration. As disclosed in recent ASX announcements and reports, the company is actively pursuing further growth opportunities. Any funds raised using this additional 10% capacity may be used to grow the business and / or additional working capital to fund growth opportunities.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A (4) and 3.10.5A upon issue of any equity securities.

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

The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to the factors including, but not limited to, the following:

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

The allottees under this facility have not been determined as at the date of this notice but may include new or existing shareholders who are not related parties or associates of a related party of the company.

Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

- h) the Company has previously obtained approval under ASX Listing Rule 7.1A at the Company's 2014 AGM. During the Preceding 12 Months, the Company undertook various issues of Equity Securities. The particulars of the issues are set in Annexure C.
- i) a voting exclusion statement is included in the Notice for the purpose of Resolution 8.

## **6. Resolutions 9-12: Issue of Unlisted Options to Directors and Former Directors**

### **6.1 Background**

The Company is of the belief that its remuneration policies should align the interests of SOC Shareholders with that of Directors to promote the long-term growth and prosperity of the business. The Company believes it is important to provide incentives to directors in the form of Options which provide the opportunity to participate in the share capital of the Company. SOC expects to apply the proceeds of exercise of the Options to working capital needs, asset or business acquisitions and general corporate purposes. All Options to be issued are consistent with any applicable Listing Rules and having regard to regulatory constraints under the *Corporations Act 2001*, ASIC policy or any other law applicable to SOC.

### **6.2 Regulatory Framework**

#### ***Chapter 2E***

Chapter 2E of the Corporations Act requires that for a public company to give a financial benefit to a related party, the public company must obtain the approval of members in the manner set out in Sections 217 to 227 of the Corporations Act and 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.

Directors rely on s211 of the Corporations Act and confirm that the grant of securities contemplated by Resolutions 9-12 is reasonable remuneration for services rendered as Directors by Rocco Tassone, Charles Thomas, Patrick Glovac and as a Former Director and

Chief Geologist by Michael Leu. As a result, shareholder approval for these resolutions is not sought under Chapter 2E.

The remuneration is considering reasonable for the following reasons:

- A Black Scholes valuation of all options proposed to be issued falls in the range of \$0.0000 to \$0.0007;
- Further the issue of options to directors acts as an incentive for the directors to achieve an economic outcome which is of benefit for all shareholders; and
- The proceeds of exercise of the Options will be applied to working capital needs, asset or business acquisitions and general corporate purposes.

### ***ASX Listing Rules 10.11***

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues or agrees to issue securities to a related party or a person whose relationship with the entity or a related party is in ASX's opinion such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

### ***ASX Listing Rules 7.1***

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares to the related parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Shares to the related parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

### ***s195(4) Directors Restrictions on Voting***

As the Directors have a material personal interest in the issue of the Shares, the Company seeks approval under section 195 of the Corporations Act so that the Shareholders may pass a resolution to deal with this matter.

### ***Unlisted Options and the proposed Share Consolidation***

All Unlisted Options issued pursuant to Resolutions 9-12 are pre consolidation Options. The consolidation of securities pursuant to Resolution 15 will occur after the issue of Unlisted Options pursuant to Resolutions 9-12.

## **6.3 ASX Listing Rule and Corporations Act Disclosures**

The following information is provided in accordance with ASX Listing Rule 10.11.

a) The following persons will be given securities under Resolutions 9-12:

	<b>Number of Options (pre consolidated)</b>	<b>Exercise Price of Options</b>	<b>Option Period</b>
Rocco Tassone	35,000,000	\$0.004	Three years from issue date. Other terms outlined at Annexure D.
Charles Thomas	35,000,000	\$0.004	Three years from issue date. Other terms outlined at Annexure D.
Patrick Glovac	35,000,000	\$0.004	Three years from issue date. Other terms outlined at Annexure D.
Michael Leu	5,000,000	\$0.004	Three years from issue date. Other terms outlined at Annexure D.



- b) The Issue Date for all securities to be issued under Resolutions 9-12 will be within one month of Shareholder Approval.
- c) The persons receiving securities per Resolutions 9-11 are Directors of the Company. The person receiving securities per Resolution 12 is the Chief Geologist of the Company, Mr Michael Leu. Mr Leu is considered to be a related party for the purposes of Listing Rule 10.11 because he resigned as a Director of the Company effective 10 December 2015, which is less than six months from the date of this AGM.
- d) No funds will be raised from the issue of Unlisted Options contemplated by Resolutions 9-12. However, if the holders of the Unlisted Options exercise those Unlisted Options, funds will be raised by the Company.
- e) Upon exercise of the Unlisted Options, the Shares issued will rank equally in all respects with the fully paid ordinary Shares on issue in the Company.
- f) The Unlisted Options are to be issued for no consideration.
- g) The Options issued pursuant to Resolutions 9-12 will be issued on the terms specified in Annexure D.
- h) A voting exclusion statement has been included in Resolutions 9-12.
- i) The relevant interests of the Directors in securities of the Company following the passing of Resolutions 9-12 are outlined below at Section 6.5.

#### 6.4 Effect of Issue of Unlisted Options on Interests of Directors and Former Director

Table 6.4A below is made on the following assumptions:

- Resolutions 9-12 are all approved by shareholders.
- The Non-Renounceable Rights Offer by the Company is completed and fully subscribed. As a result, 393,613,914 shares are issued by the Company on the terms of the Non-Renounceable Rights Offer. After the Non-Renounceable Rights Offer, on the assumption that it is fully subscribed, the number of shares on issue in the Company will be 1,385,727,659 shares.
- The Unlisted Options are issued to the Directors and Former Director, and are exercised within the 3 year period.
- The effect of any Share Consolidation contemplated by Resolution 15 is not taken into consideration by the below table. Shareholders should have reference to Section 8.5 of this Explanatory Statement which discusses the treatment of Convertible Securities in the Share Consolidation.

Table 6.4A: Directors and Former Directors Exercise 50% of their Options				
	Rocco Tassone	Charles Thomas	Patrick Glovac	Michael Leu
Current (26 Apr 16)	51,234,567	23,823,758	93,166,667	10,550,000
Resolution 9	17,500,000			
Resolution 10		17,500,000		
Resolution 11			17,500,000	
Resolution 12				2,500,000
Total	68,734,567	41,323,758	110,666,667	13,050,000

Table 6.4B below is made on the following assumptions:

- Resolutions 9-12 are all approved by shareholders.
- The Non-Renounceable Rights Offer by the Company is completed and fully subscribed. As a result, 393,613,914 shares are issued by the Company on the terms of the Non-Renounceable Rights Offer. After the Non-Renounceable Rights Offer, on the assumption that it is fully subscribed, the number of shares on issue in the Company will be 1,385,727,659 shares.
- The Unlisted Options are issued to the Directors and Former Director, and are exercised within the 3 year period.
- The effect of any Share Consolidation contemplated by Resolution 15 is not taken into consideration by the below table. Shareholders should have reference to Section 8.5 of this Explanatory Statement which discusses the treatment of Convertible Securities in the Share Consolidation.

Table 6.4B: Directors and Former Directors Exercise 100% of their Options				
	Rocco Tassone	Charles Thomas	Patrick Glovac	Michael Leu
Current (26 Apr 16)	51,234,567	23,823,758	93,166,667	10,550,000
Resolution 9	35,000,000			
Resolution 10		35,000,000		
Resolution 11			35,000,000	
Resolution 12				5,000,000
Total	86,234,567	58,823,758	128,166,667	15,550,000

## 6.5 Director's Recommendations

As all Directors have a material personal interest in the issue of securities contemplated by Resolutions 9-11, the Company seeks approval as required by Section 195 of the Corporations Act so that Shareholders may pass a resolution to deal with the matter. Directors make no recommendation as to whether Shareholders should vote in favour of Resolutions 9-11.

Directors recommend that Shareholders vote in favour of Resolution 12.

## 7. Resolutions 13-14: Issue of Shares to other Parties

### 7.1 Background

The Company is of the belief that its remuneration policies should align the interests of SOC Shareholders with that of Officers and advisors to promote the long-term growth and prosperity of the business.

### 7.2 Regulatory Framework

Shareholder approval for Resolution 13 and 14 is being sought in accordance with ASX Listing Rule 7.1.

### 7.3 ASX Listing Rule Disclosures

The following information is provided in accordance with ASX Listing Rule 7.3:

- a) Resolutions 13-14 seek shareholder approval to issue a maximum of 10,000,000 Unlisted Options.

- b) The Shares issued pursuant to Resolution 13 and 14 are pre consolidation Unlisted Options.
- c) If exercised, the issued shares will rank equally in all respects with the fully paid ordinary Shares on issue in the Company.
- d) Unlisted Options will be issued to the following parties:

	<b>Number of Unlisted Options (pre consolidated)</b>	<b>Exercise Price of Options</b>	<b>Option Period</b>
Henry Kinstlinger	5,000,000	\$0.004	Three years from issue date. Other terms outlined at Annexure D.
Mishtalem Pty Ltd	5,000,000	\$0.004	Three years from issue date. Other terms outlined at Annexure D.

- e) All Unlisted Options to be issued under Resolutions 13-14 will be issued within three months of approval.
- f) The Unlisted Options to be issued for no consideration.
- g) The Options issued pursuant to Resolutions 13-14 will be issued on the terms specified in Annexure D.
- h) Resolution 13 seeks to issue Unlisted Options to the Company Secretary, Henry Kinstlinger. Resolution 14 seeks to issue Unlisted Options to an advisor to the company Mishtalem Pty Ltd.
- i) The issue of these Unlisted Options will raise funds for the Company if the holders of the Unlisted Options exercise those Unlisted Options within the Option Period.
- j) A voting exclusion statement has been included for the purposes of Resolutions 13 and 14.

#### **7.4 Directors Recommendations**

The Directors of the Company, having no material interest in the issue of shares contemplated by Resolutions 13 and 14, recommend that Shareholders vote in favour Resolution 13 and 14.

### **8. Resolution 15: Consolidation Resolution**

#### **8.1 Background**

On 1 April 2016 the Company announced a non-renounceable Entitlement Offer of 2 New Shares for every 5 shares held. The Entitlement Offer closes on 17 May 2016. In the event the Entitlement Offer is fully subscribed the number of share on issue by the Company will increase by 393,613,914 for a total of 1,377,648,699. Shareholders are requested to have reference to the Entitlement Offer Information Booklet available at the Company's website, [www.sovereigngold.com.au](http://www.sovereigngold.com.au) for further information regarding the terms of the Entitlement Offer.

The Directors consider it appropriate to reduce the number of shares on issue by two thirds, through a consolidation of 1 share for every 3 shares held. The view of directors is that the consolidation will ensure that the number of shares on issue and trading price of Sovereign shares is at a level broadly comparable to Sovereign's peer group of companies.

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

If the consolidation is approved, the consolidation will take effect on and from the Determination Date. The Determination Date can be no later than 16 August 2016 being the last date the Shortfall Shares can be issued under the Listing Rules (Exception 3 to Listing Rule 7.1 as set out in Listing Rule 7.2).

## 8.2 Treatment of Fractions

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

Where the Directors form the opinion that shareholdings have been split or aggregated to obtain the benefit of rounding, transfers of shares and aggregated parcels of shares may be disregarded for the purpose of rounding.

## 8.3 Reasons for Consolidation

The aim of the share consolidation is to ensure that the number of shares on issue and trading price of Sovereign shares is at a level broadly comparable to Sovereign's peer group of companies.

## 8.4 Effect of Consolidation - Summary

The proposed share consolidation will reduce the number of Sovereign ordinary shares on issue as follows (subject to rounding):

	<b>Current Number of Shares on Issue</b>	<b>New Shares Issued pursuant to Entitlement Offer</b>	<b>Total Shares on Issue post completion of Entitlement Offer</b>	<b>Number of Shares on Issue Post Consolidation</b>
No Shares issued pursuant to Entitlement Offer	984,034,785	Nil	984,034,785	328,011,595
Entitlement Offer 50% subscribed		196,806,957	1,180,841,742	393,613,914
Entitlement Offer fully subscribed		393,613,914	1,377,648,699	459,216,233

As the share consolidation applies equally to all Sovereign shareholders, individual shareholdings will be reduced in the same ratio as the total number of Sovereign shares (subject only to the rounding of fractions). It follows that the consolidation will have no material effect on the percentage interest of each individual Sovereign shareholder in Sovereign.

Similarly, the aggregate value of each Sovereign shareholder's holding (and the Company's market capitalisation) should not change other than minor changes as a result of rounding - as a result of the share consolidation alone (that is, assuming no other market movements or impacts occur).

Shareholders should note that the reduction of share capital, if approved, would also have an effect on Sovereign share price. The price per share can be expected to increase to reflect the reduced number of shares on issue.

If the Consolidation Resolution is passed and the conditions to its implementation are satisfied, then the Consolidation will be implemented and binding upon all Sovereign Shareholders, regardless of how (or if) they vote on the resolution.

## 8.5 Treatment of Convertible Securities

Having regard to the ASX Listing Rules, all convertible securities on issue will either be consolidated on the same basis as the Company's ordinary shares or the terms adjusted, so that the number of ordinary shares to be provided if the share rights vest will reflect the impact of share consolidation, with the necessary adjustments to be made to any applicable exercise or conversion price or number of securities issued on exercise or conversion.

## 8.6 Timetable for Consolidation

Set out below is an indicative timetable for the consolidation. These indicative dates are subject to change at the Board's discretion (subject to the Listing Rules).

Event	Business Day
General Meeting	31 May 2016
Notification to ASX that Share Consolidation is approved	31 May 2016
Last day for trading in pre-consolidated securities	1 June 2016
Trading in the consolidated securities on a deferred settlement basis commences	2 June 2016
Last day to register transfers on a pre-consolidated basis	3 June 2016
Registration of securities on a post-consolidated basis	8 June 2016
Issue Date and new holding statements to be sent to security holders Deferred settlement trading ends	10 June 2016

## 8.7 Tax implications for Shareholders

The summary in this section is general in nature. In addition, particular taxation implications will depend on the circumstances of each shareholder. Accordingly, shareholders are encouraged to seek their own professional advice in relation to their tax position.

Neither SOC nor any of its officers, employees or advisers assumes any liability or responsibility for advising shareholders members about the tax consequences for them from the proposed share consolidation.

The share consolidation will be undertaken in accordance with section 254H of the Corporations Act. Subject only to rounding, there will be no change to the proportionate interests held by each Sovereign shareholder in SOC as a result of the consolidation.

## 8.8 Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 18.

## 9. Resolution 19: Election of Nominated Directors

### 9.1 Election of Brennan Westworth

Mr Brennan Westworth was nominated by a member of the Company on 12 April 2016 to seek election at this AGM as a Director of the Company.

Mr Westworth's qualifications and experiences are provided below:

Brennan is a mining and minerals industry professional with over 20 years experience planning and successfully delivering complex projects. He holds an Associate Degree in Mechanical Technology and is an Associate of the Chartered Institute of Arbitrators (awarded 23 March 2016) and member of the American Association of Cost Engineers International.

Brennan has held senior management positions within a number of public and private companies including Laing O'Rourke, ASX listed WorleyParsons (ASX: WOR) and as an Associate Director for New York Stock Exchange listed Hill International (NYSE: HIL). The breadth of his project experience encompasses scoping studies, preparation of bankable feasibility studies through to project delivery and operations. His primary experience is with the extraction and processing of gold, diamonds, coal, iron ore, bauxite, oil and gas.

Brennan specialises in lean management, which is an approach to running an organization that supports the concept of continuous improvement, a long-term approach to work that systematically seeks to achieve small, incremental changes in processes in order to improve efficiency and quality. He has a particular talent for holding organisations accountable for timelines and budgets and for delivering value.

The Company notes that Mr Westworth was requested by the Company to provide a Criminal Record check as well as an AFSA National Personal Insolvency check to the Company in compliance with ASX Corporate Governance Principles and Recommendations, Recommendation 1.2, but has failed to do so at the time of release of this Notice of Meeting

## **10. Resolution 17: Non-Executive Directors' Remuneration**

### **10.1 Background**

Resolution 17 seeks shareholder approval to increase the Non-Executive Directors' Remuneration Pool from \$200,000 to \$300,000 per financial year. The Non-Executive Directors' Remuneration Pool is the maximum aggregate amount available for non-executive directors' remuneration in any financial year (**NED Fee Pool**).

The current NED Fee Pool was fixed by the Board prior to its initial public offering in September 2010, as set out in section 10.11 of the Company's prospectus dated 17 September 2010.

It is not intended that should this resolution be passed, the maximum aggregate of the NED Fee Pool would not be utilised immediately. The proportion remaining unused will provide the Company with the ability to attract and retain high quality directors, to make any appropriate increases to the size of the Board and to increase fees in the future in line with market conditions.

It is important to ensure that the Company maintains the ability to pay competitive fees and attract and retain high caliber non-executive directors; and

The size of the proposed increase would be consistent with other ASX listed entities of similar market capitalisation.

### **10.2 Regulatory Framework and Disclosures**

ASX Listing Rule 10.17 precludes an entity from increasing the total aggregate amount of directors' fees payable to the entities non-executive directors without the approval of shareholders.

The following information is provided in compliance with ASX Listing Rule 10.17

- a) The amount of the increase is \$100,000. The pool will go from \$200,000 to \$300,000 if Resolution 17 is approved.
- b) The current maximum aggregate amount of directors' fees payable is currently \$200,000.

- c) In the past three years, no securities were issued to Non-Executive Directors under ASX Listing Rule 10.11 or 10.14.
- d) Resolutions 9 to 11 if approved will result in the issue of securities to Non-Executive Directors. Rocco Tassone, Charles Thomas and Patrick Glovac will receive 35,000,000 Unlisted Options each. For further details on this issue of securities, please see Section 6 of this Explanatory Statement.
- e) For the purposes of Resolution 17, a voting exclusion statement has been provided by the Company.

### **10.3 Directors Recommendation**

Given the nature of Resolution 17, Directors have chosen to not provide a recommendation on how shareholders should vote. As noted in the proxy form, the Chairman intends to cast all undirected proxies in favour of this Resolution.

## **11. Resolution 18-19: Removal and Appointment of Auditor**

### **11.1 Resolution 18 – Removal of Auditor**

An auditor of a company may be removed by an ordinary resolution of the company at a general meeting only after “Notice of Intention” of the proposed removal has been provided to ASIC and the auditor. Under s329 (1A) of the Corporations Act 2001 (Cth) (the Act) this Notice of Intention (**Special Notice**) must be given to the company by a director or a person who is normally authorised to request that a meeting be convened – they must hold at least 5% of the voting power of the Company.

The Company received a Notice of Intention from Murdoch Capital Pty Ltd on 20 April 2016 and forwarded a copy of the Notice of Intention to K S. Black & Co on the same day. The Notice of Intention has also been lodged with ASIC as required by s 329(2) of the Corporations Act.

A copy of the Notice of Intention is attached to this Notice of Meeting as Annexure A.

Resolution 18 is conditional on Resolution 19 being passed by Shareholders.

If Shareholders approve Resolution 18, the Company’s auditor KS Black & Co will be removed, subject to Resolution 19 also being approved by Shareholders.

### **11.2 Resolution 19 – Appointment of Auditor**

Under section 327D of the Act, the Company in a general meeting may appoint an auditor to replace an auditor removed under section 329 of the Act.

If K.S. Black & Co is removed under Resolution 18, it is proposed that BDO Audit (WA) Pty Ltd be appointed as the Company’s auditor effective from the Annual General Meeting.

Plans to grow the Company in the view of the Board of Directors and the transition toward national and international audit standards, suit the nomination of BDO Audit (WA) Pty Ltd as the Company’s next auditor, as nominated by Murdoch Capital Pty Ltd in the Notice of Intention (see Annexure A).

BDO Audit (WA) Pty Ltd have provided written consent to act as the Company’s auditor in accordance with section 328A(1) of the Act, a copy of which is attached to this Notice of Meeting as Annexure B.

Resolution 19 is conditional on Resolution 18 being passed by Shareholders.

If Resolutions 18 and 19 are passed, the appointment of BDO Audit (WA) Pty Ltd as the Company’s auditor will take effect at the close of this Annual General Meeting.

## **Voting Information:**

### **Voting Entitlement at the Annual General Meeting in accordance with Regulation 7.11.37 of the Corporations Regulations 2001.**

For the purpose of determining a person's entitlement to vote at the Annual General Meeting, a person will be recognised as a member of the Company and the holder of shares if that person is registered as a holder of those shares at 9:00 Perth time on 29 May 2016, being within 48 hours prior to the date of the Annual General Meeting.

### **Votes of Members**

On a show of hands, each member present in person or by proxy (or, in the case of a body corporate, by a representative) at the Annual General Meeting shall have one vote.

On a poll, every member present in person or by attorney or by proxy (or, in the case of a body corporate, by a representative) shall have one vote for each share held provided that all shares are fully paid.

### **Voting**

Please note that for a resolution to be passed, except where otherwise indicated, a simple majority of votes from shareholders attending in person or voting by proxy is required.

### **Amendments to proxy voting**

Shareholders are advised that the Federal government has introduced the *Corporations Amendment (improving Accountability on Director and Executive Remuneration) Act 2011 (Cth)*, which came into effect on 1 July 2011. The CA Act introduced new prohibitions on Key Management Personnel and their Closely Related Parties from voting their shares (or voting undirected proxies) on, amongst other things, remuneration matters.

However, the chair of a meeting may vote an undirected proxy (ie. a proxy that does not specify how it is to be voted), provided the shareholder who has lodged the proxy has given informed consent, in the form of an express voting direction to the chair to exercise the undirected proxy, even if the resolution is connected with the remuneration of a member of Key Management Personnel (**Informed Consent**).

In light of these legislative requirements, the Company recommends that shareholders consider the following options to ensure the validity of their votes:

- a) that shareholders direct proxies on a remuneration related resolution instead of leaving them undirected; or
- b) that shareholders nominate a proxy who is not a member of Key Management Personnel or any of their Closely Related Parties to vote on a remuneration related resolution; or
- c) that shareholders who wish to vest their undirected proxies in the chair on a remuneration related resolution ensure that they follow instructions provided on the proxy form in order to provide Informed Consent.



## Annexure A - Notice of Intention

MURDOCH CAPITAL PTY LTD  
<THE GLOVAC SUPERFUND A/C>  
81B KINTAIL ROAD  
APPLECROSS WA 6153  
ACN: 123 029 925

20 April 2016

Attn: Company Secretary  
Sovereign Gold Company Limited  
Level 2, 131 Macquarie Street  
Sydney, NSW 2000

Dear Sir,

Re: Notice of Intention to Remove Company Auditor

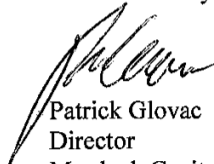
MURDOCH CAPITAL PTY LTD <THE GLOVAC SUPERFUND A/C>, being a member holding 5% of the voting power of Sovereign Gold Company Ltd (the Company), request that the Company meet no less than two months from the date of the notice, to consider, and if thought fit, pass the resolution that:

1. K.S. Black & Co be removed as auditor of the Company; and
2. BDO be appointed as the new auditor of the Company.

In accordance with section 329 of the Corporations Act 2001 (Cth), we hereby give you notice of intention to remove K.S. Black & Co of Level 6, 350 Kent Street, SYDNEY NSW 2000, as auditor of the Company.

Furthermore, for the purposes of section 328B(1) of the Corporations Act, we hereby give you notice of the nomination of BDO, 38 Station Street, SUBIACO WA 6008, as auditor of the Company.

Yours faithfully



Patrick Glovac  
Director  
Murdoch Capital Pty Ltd

## Annexure B - BDO Audit (WA) Pty Ltd written consent to act as auditor



Tel: +8 6382 4600  
Fax: +8 6382 4601  
www.bdo.com.au

38 Station Street  
Subiaco, WA 6008  
PO Box 700 West Perth WA  
Australia

20 April 2016

The Directors  
Sovereign Gold Company Limited  
Level 2, 131 Macquarie Street  
Sydney NSW 2000

Dear Sirs,

**Re: SOVEREIGN GOLD COMPANY LIMITED**

In accordance with section 328A(1) of the Corporations Act 2001, we hereby consent to act as auditors of Sovereign Gold Company Limited.

This consent shall remain in force until revoked by us in writing.

Yours faithfully

**BDO Audit (WA) Pty Ltd**

A handwritten signature in blue ink, appearing to read 'Dean Just', is written over a faint, stylized 'BDO' logo.

**Dean Just**  
Director

### Annexure C - Securities issued in the 12 months prior to the AGM

Date	Class	Allotees of Equity Securities	Issue Price per Security	Discount to Market Price (if any)	Total Cash Consideration	Amount of cash consideration spent, what it was spent on and proposed application of balance of funds raised	Non-cash consideration that was paid and its current value	No. Ordinary Shares	No. Unlisted Options
10 July 2015	FPO	<p>Non-Renounceable rights issue to Shareholders. The Underwriter of the issue was GTT Ventures Pty Ltd.</p> <p>Clients of GTT Ventures Pty Ltd received the Placement Shares under an "excluded offer".</p>	<p>Rights Issue Offer and Underwriter: \$0.002 per FPO</p> <p>Placement: \$0.002 per FPO under LR 7.1 \$0.002225 per FPO under LR 7.1A</p>	Market Price at close on 10 July 2015 was \$0.0028.	<p>\$ 793,691 per Rights Issue Offer and Underwriter.</p> <p>\$238,107.30 per LR 7.1 Placement.</p> <p>\$90,342.53 per LR 7.1A Placement.</p> <p>Total Cash Consideration: \$1,122,141.20</p>	<p>Funds raised from this issue were used to retire debt and applied for working capital purposes.</p> <p>The total of the funds were used by the Company.</p>	Nil.	<p>226,502,535 (Rights Issue Offer)</p> <p>170,342,964 (Rights Issue Underwriter)</p> <p>159,657,036 (Placement)</p> <p>Total Shares Issued: 556,502,535</p>	Nil.
1 February 2016	FPO	Placement was an "excluded offer" to Sophisticated and Professional investors introduced by GTT Ventures Pty Ltd.	\$0.0024 per FPO	Market Price at close on 1 February 2016 was \$0.0028.	\$93,037.71	<p>Funds raised from this issue were applied for working capital purposes.</p> <p>The total of the funds were used by the Company.</p>	Nil.	38,765,711	Nil.
20 May 2016	FPO	Non-Renounceable rights issue to Shareholders.	\$0.003 per FPO	Market Price as at 27 April 2016 is \$0.003.	<p>Assuming that the Non-Renounceable Issue is fully subscribed:</p> <p>\$1,180,841.74</p>	<p>As at the date of dispatch of this Notice of Meeting, the funds raised from this issue have not been received by the Company.</p> <p>When received, the funds will be used for working capital.</p>	Nil.	<p>Assuming that the Non-Renounceable Issue is fully subscribed:</p> <p>393,614,914</p>	Nil.

## Annexure D - Terms of Options

The Options are subject to the following terms and conditions:

- a) Each Option entitles its holder to subscribe in cash for one fully paid ordinary Share in the Company.
- b) The date of issue of the Options is the date that the Company issues the Options to their holders, being no later than one month after Shareholder Approval of the issue of the Options (**Issue Date**).
- c) Each Option is exercisable at an exercise price of \$0.004 per Option at any time prior to three years after the Issue Date (**Expiry Date**) by completing an option exercise form and delivering it, together with payment for the number of Shares in respect of which the Option is exercised, to the registered office of the Company. Any Option that has not been exercised prior to the Expiry Date automatically lapses.
- d) An Option automatically lapses without any claim against the Company on the occurrence of any of the following events:
  - i. upon bankruptcy, liquidation or winding up of an Option holder or the happening of any other event which results in the Option holder being deprived of the legal or beneficial ownership of such Option; or
  - ii. upon liquidation or winding up of the Company for any reasons other than by way of members' voluntary winding up.
- e) The Options will be unlisted Options.
- f) Subject to the Corporations Act, the Listing Rules, and the Constitution, each Option is freely transferable.
- g) Shares issued upon the exercise of the Options will rank pari passu with the Company's existing fully paid ordinary Shares.
- h) The Company will apply for official quotation by ASX of the Shares issued upon the exercise of Options, subject to any ASX ruling regarding Restricted Securities.
- i) The Options will not give any right to participate in dividends unless and until Shares are issued upon exercise of the relevant Options.
- j) There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the life of the Options. The Company will ensure that holders will be given at least seven business days' notice to allow for the exercise of Options prior to the record date in relation to any offers of securities made to Shareholders.
- k) (In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the Expiry Date, the number of Options or the rights attaching to the options or both will be reconstructed in accordance with the Listing Rules applying to reorganisation of capital at the time of the reconstruction.
- l) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the Expiry Date, the number of Options or the rights attaching to the Options or both will be reconstructed in accordance with the Listing Rules applying to a reorganisation of capital at the time of the reconstruction.
- m) If there is any inconsistency between any of the preceding terms and conditions and the Listing Rules, then the Listing Rules prevail to the extent of that inconsistency.

**SOVEREIGN GOLD COMPANY LIMITED  
(ACN 145 184 667)**

**ANNUAL GENERAL MEETING OF SHAREHOLDERS PROXY FORM**

**Please complete, sign and return this document to:**

To: The Secretary  
Sovereign Gold Company Limited  
Level 2, Hudson House  
131 Macquarie Street  
SYDNEY NSW 2000

Email executed form to: [corporate@sovereigngold.com.au](mailto:corporate@sovereigngold.com.au)  
fax executed form to: 02 9251 7500  
By 9am on 29 May 2016 (Perth Time)

I/We .....

being a member of Sovereign Gold Company Limited (the **Company**) appoint:

**Name of proxy:** .....

**Address of proxy:** .....

Or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my / our proxy to act generally at the Meeting on my / our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of the Company on 31 May 2016 and at any adjournment of or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:**

Where I / we have appointed the Chairman of the Meeting as my / our proxy (or the Chairman becomes my / our proxy by default), I / we expressly authorise the Chairman to exercise my / our proxy on Resolution 1 (except where I / we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box below.

The Chairman intends to vote all undirected proxies that he receives in favour of each resolution to be brought before the meeting, except where the Chairman is expressly forbidden to do so, under the *Corporations Act 2001 (Cth)*.

**Items of Business**

Please mark ☒ to indicate your directions

**PLEASE NOTE:** If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or poll and your votes will not be counted in computing the required majority.

RESOLUTIONS	FOR	AGAINST	ABSTAIN
Resolution 1 – Ordinary Resolution to adopt the Directors' Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Ordinary Resolution to elect Mr Patrick Glovac as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Ordinary Resolution to elect Mr Charles Thomas as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Ordinary Resolution to elect Mr Rocco Tassone as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Ordinary Resolution to ratify previous share issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 6 – Ordinary Resolution to ratify previous share issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Ordinary Resolution to ratify previous share issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – Special Resolution to approve an additional 10% placement facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 – Ordinary Resolution to issue unlisted options to Director Rocco Tassone	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 – Ordinary Resolution to issue unlisted options to Director Charles Thomas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11 – Ordinary Resolution to issue unlisted options to Director Patrick Glovac	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12 – Ordinary Resolution to issue unlisted options to Michael Leu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13 – Ordinary Resolution to issue unlisted options to Henry Kinstlinger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14 – Ordinary Resolution to issue unlisted options to Mishtalem Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 15 – Ordinary Resolution to Consolidate Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 16 – Ordinary Resolution to elect Brennan Westworth as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 17 – Special Resolution to Increase Non-Executive Director's Remuneration Pool	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 18 – Ordinary Resolution to Remove Company Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 19 – Ordinary Resolution to Appoint New Company Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the meeting intends to vote all available proxies in favour of each item of business.

**SIGNATURE OF MEMBER (S)**

Individual or Member 1	Member 2	Member 3
<div></div>	<div></div>	<div></div>
Sole Director/ Company Secretary	Director	Director/Company Secretary
Date: _____		
Contact Name: _____		Contact Phone (daytime): _____

---

**Notes on Proxies**

1. Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box, your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.
2. A member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead pursuant to the Constitution.
3. If a member appoints one proxy only, that proxy shall be entitled to vote on a show of hands, but if a member appoints two proxies neither shall be entitled to vote on a show of hands.
4. Where more than one proxy is appointed, each proxy must be appointed to represent a specific portion of the member's voting rights. Otherwise each proxy may exercise half of your votes.
5. A proxy need not be a security holder of the Company.
6. Signing instructions:

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

Joint Holding: Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry or the Company, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to Section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

For your vote to be effective, the completed proxy form must be received by 9.00 am on 29 May 2016 (Perth Time).

Please advise of any change of address by completion of the section below:

My new address is: