

Notice of Annual General Meeting and Explanatory Memorandum

Mako Gold Limited ACN 606 241 829

Date of Meeting: Friday, 20 November 2020

Time of Meeting: 9:30am (Brisbane time)

Place of Meeting: Mako Gold Limited
Suite 2, Level 17
300 Adelaide Street
Brisbane QLD 4000

This is an important document. Please read it carefully.

If Shareholders wish to attend the Meeting in person they will need to contact the Company Secretary Mr Paul Marshall (Email: pmarshall@makogold.com.au) in order for the Company to ensure it is able to maintain compliance with COVID-19 related restrictions applicable as at the date of the Meeting.

If you are unable to attend the Meeting, please complete the form of proxy enclosed and return it in accordance with the instructions set out on that form.

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of **Mako Gold Limited ACN 606 241 829 (Company)** will be held at the offices of Mako Gold, Suite 2, Level 17, 300 Adelaide Street, Brisbane, Qld 4000, on Friday, 20 November 2020 at 9:30am (Brisbane time).

Terms used in this Notice of Meeting are defined in section 8 (Interpretation) of the accompanying Explanatory Memorandum.

Agenda

Ordinary business

Financial Reports

To receive and consider the Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Statement of Financial Performance, Balance Sheet, Statement of Cashflows and notes to and forming part of the accounts for the Company and its controlled entities for the financial year ended 30 June 2020.

1. Resolution 1 – Remuneration Report

To consider and, if thought fit, pass the following Resolution, with or without amendment, as a non-binding Advisory Resolution of the Company:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the year ended 30 June 2020 (as set out in the Directors' Report) is adopted.”

Note

The vote on this Resolution 1 is advisory only and does not bind the Directors or the Company.

Voting restriction pursuant to section 250R(4) of the Corporations Act

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

- a member of the Key Management Personnel (**KMP**), details of whose remuneration are included in the Remuneration Report; and
- a Closely Related Party of such a member.

However, the above persons may cast a vote on Resolution 1 if:

- the person does so as a proxy;
- the vote is not cast on behalf of a member of the KMP, details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member; and
- either:
 - the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
 - the voter is the chair of the meeting and the appointment of the chair as proxy:
 - does not specify the way the proxy is to vote on the Resolution; and
 - expressly authorises the chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company or, if the Company is part of a consolidated entity, for the entity.

Notice of Annual General Meeting

Voting intention of the Chair

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 1, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair may change his/her voting intention on any Resolution, in which case an ASX announcement will be made. Further details, in relation to the ability of the Chair to vote on undirected proxies are set out in the accompanying proxy form.

2. Resolution 2 – Re-election of Mr Steven Zaninovich as a Director

To consider and, if thought fit, pass the following Resolution, with or without amendment, as an Ordinary Resolution of the Company:

“That Mr Steven Zaninovich, having been appointed to fill a casual vacancy on 2 October 2020 under Rule 37.1 of the Company’s Constitution, retires and, being eligible, offers himself for re-election under Rules 37.2 and 39.1(b) of the Company’s Constitution, is re-elected as a Director of the Company.”

3. Resolution 3 – Re-election of Mr Michele Muscillo as a Director

To consider and, if thought fit, pass the following Resolution, with or without amendment, as an Ordinary Resolution of the Company:

“That Mr Michele Muscillo, who retires by rotation in accordance with Rule 39.1 of the Company’s Constitution and, being eligible, offers himself for re-election, is re-elected as a Director of the Company.”

4. Resolution 4 – Issue of Options to Mr Peter Ledwidge under the ESOP

To consider and, if thought fit, pass the following Resolution, with or without amendment, as an Ordinary Resolution of the Company:

“That, for the purposes of Listing Rule 10.14 and Part 2E of the Corporations Act and for all other purposes, the Company be authorised to issue 2,000,000 Director Options to subscribe for Shares in the Company to Peter Ledwidge (or his nominee), pursuant to the ESOP and on the terms and conditions set out in the Explanatory Memorandum.”

5. Resolution 5 – Issue of Options to Mr Michele Muscillo under the ESOP

To consider and, if thought fit, pass the following Resolution, with or without amendment, as an Ordinary Resolution of the Company:

“That, for the purposes of Listing Rule 10.14 and Part 2E of the Corporations Act and for all other purposes, the Company be authorised to issue 1,500,000 Director Options to subscribe for Shares in the Company to Michele Muscillo (or his nominee), pursuant to the ESOP and on the terms and conditions set out in the Explanatory Memorandum.”

6. Resolution 6 – Issue of Options to Steven Zaninovich under the ESOP

To consider and, if thought fit, pass the following Resolution, with or without amendment, as an Ordinary Resolution of the Company:

Notice of Annual General Meeting

“That, for the purposes of Listing Rule 10.14 and Part 2E of the Corporations Act and for all other purposes, the Company be authorised to issue 1,000,000 Director Options to subscribe for Shares in the Company to Steven Zaninovich (or his nominee), pursuant to the ESOP and on the terms and conditions set out in the Explanatory Memorandum.”

Notes

- A copy of this Notice of Meeting and the accompanying Explanatory Memorandum has been lodged with the Australian Securities & Investments Commission in accordance with section 218 of the Corporations Act.
- A detailed summary of the proposed terms of the Director Options to be granted in accordance with Resolutions 4 to 6 is contained within the Explanatory Memorandum.
- The total number of Director Options to be issued to Mr Ledwidge, Mr Muscillo and Mr Zaninovich, or their respective nominees in accordance with Resolutions 4 to 6 is 4,500,000.
- The Director Options are intended to be issued as soon as possible following the Meeting, but in any event, no later than three (3) years after the date of the Meeting.
- The Director Options are being issued for nil cash consideration and no funds will be raised by the issue of the Director Options.

Voting exclusion statement – Resolutions 4 to 6, Listing Rule 10.14

The Company will disregard any votes cast in favour of Resolutions 4 to 6 by or on behalf of:

- a person referred to in Listing Rules 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme the subject of Resolutions 4 to 6; and
- an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolutions 4 to 6 by:

- a person as a proxy or attorney for a person who is entitled to vote on the Resolutions, in accordance with directions given to the proxy or attorney to vote on the Resolutions in that way;
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolutions, in accordance with a direction given to the chair to vote on the Resolutions as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolutions; and
 - the holder votes on the Resolutions in accordance with directions given by the beneficiary to the holder to vote in that way.

Notice of Annual General Meeting

Voting prohibition statement – Resolutions 4 to 6, section 250BD of the Corporations Act

As Resolutions 4 to 6 are connected directly or indirectly with the remuneration of a member of the KMP for the Company, pursuant to section 250BD of the Corporations Act, a person must not cast a vote, and the Company will disregard any votes cast on Resolutions 4 to 6 by:

- any member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity); or
- a Closely Related Party of such KMP (or, if the Company is a consolidated entity, for the entity),

who is appointed as a Shareholder's proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on Resolutions 4 to 6.

However, the Company need not disregard a vote on Resolutions 4 to 6 if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote and the Shareholder expressly authorises the person chairing the meeting to exercise the proxy even if Resolutions 4 to 6 are connected directly or indirectly with the remuneration of a member of the KMP for the Company, or if the Company is part of a consolidated entity, for the entity.

Voting Exclusion Statement - - Resolutions 4 to 6, Part 2E of the Corporations Act

For the purposes of Part 2E of the Corporations Act, a vote on Resolutions 4 to 6 must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given, or an associate of such a related party. Accordingly, the Company will disregard any votes cast on:

- Resolution 4 by Mr Peter Ledwidge or any Associate of Mr Ledwidge;
- Resolution 5 by Mr Michele Muscillo or any Associate of Mr Muscillo;
- Resolution 6 by Mr Steven Zaninovich or any Associate of Mr Zaninovich.

However, the Company need not disregard a vote if, in relation to Resolutions 4 to 6, it is cast by a person as a proxy in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of a person referred to directly above.

Voting Intention of the Chair

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolutions 4 to 6, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair may change his/her voting intention on any Resolution, in which case an ASX announcement will be made. Further details, in relation to the ability of the Chair to vote on undirected proxies are set out in the accompanying proxy form.

Special business

7. Resolution 7 – Approval to issue an additional 10% of the issued capital of the Company

To consider and, if thought fit, pass the following resolution, with or without amendment, as a Special Resolution of the Company:

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, over a 12 month period from the date of the Meeting, at a price not less than that determined pursuant to Listing Rule 7.1A.3 and otherwise on the terms and conditions in the Explanatory Memorandum (**Placement Securities**).”*

Notice of Annual General Meeting

Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution 7 by or on behalf of:

- any person who is expected to participate in, or who will obtain a material benefit as a result of the proposed issue of Equity Securities under this Resolution 7 (except a benefit solely by reason of being a holder of Shares if this Resolution 7 is passed); and
- an associate of that person.

However, this does not apply to a vote cast in favour of this Resolution 7 by:

- a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

General business

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

By order of the Board

Paul Marshall
Company Secretary
20 October 2020

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum is provided to Shareholders of Mako Gold Limited ACN 606 241 829 (**Company**) to explain the Resolutions to be put to Shareholders at the Annual General Meeting to be held at the offices of Mako Gold, Suite 2, Level 17, 300 Adelaide Street, Brisbane, Qld 4000, on Friday, 20 November 2020 at 9:30am (Brisbane time).

The Company's Notice of Annual General Meeting and this Explanatory Memorandum should be read in their entirety and in conjunction with each other.

Subject to the abstentions noted below, the Directors unanimously recommend that Shareholders vote in favour of all Resolutions. The Chair of the Meeting intends to vote all available undirected proxies in favour of each resolution.

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum are defined in section 8.

2. Consider the Company's Annual Report

The Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Statement of Financial Performance, Balance Sheet, Statement of Cashflows and notes to and forming part of the financial statements for the Company and its controlled entities for the financial year ended 30 June 2020 was released to ASX on 29 September 2020.

Shareholders can access a copy of the Company's Annual Report at www.makogold.com.au. The Company will not provide a hard copy of the Company's Annual Report to Shareholders unless specifically requested to do so.

The Company's Annual Report is placed before the Shareholders for discussion.

No voting is required for this item.

3. Resolution 1 – Remuneration Report

3.1 Remuneration Report

In accordance with section 250R of the Corporations Act, the Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding Advisory Resolution.

The Remuneration Report is set out in the Directors' Report section of the Annual Report. The Report, amongst other things:

- (a) explains the Board's policy for determining the nature and amount of remuneration of Key Management Personnel of the Company;
- (b) explains the relationship between the Board's remuneration policy and the Company's performance;
- (c) sets out remuneration details for each Key Management Personnel of the Company including details of performance related remuneration and any options or other securities granted as part of remuneration; and

Explanatory Memorandum

- (d) details and explains any performance conditions applicable to the remuneration of Key Management Personnel of the Company.

The Board believes the Company's remuneration policies and structures as outlined in the Remuneration Report are appropriate relative to the size of the Company, its business and strategic objectives and current and emerging market practices.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

3.2 Directors' Recommendation

The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this Resolution. In accordance with the Corporations Act, a vote on this Resolution is advisory only and does not bind the Directors or the Company.

3.3 Voting restrictions on Key Management Personnel and their Closely Related Parties and their proxies

Members of the Key Management Personnel (**KMP**), their Closely Related Parties and their respective proxies are restricted from voting on a Resolution which is connected directly or indirectly with the remuneration of a member of the KMP.

KMP has the definition given in *Accounting Standards AASB 124 Related Party Disclosure* as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

Details of the restrictions on members of KMP and their Closely Related Parties and their proxies voting (in any capacity) are set out in the voting restriction statement included in Resolution 1 of the Notice of Meeting.

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 1 subject to compliance with the Corporations Act. In exceptional circumstances, the Chair may change his/her voting intention on any Resolution, in which case an ASX announcement will be made.

4. Resolution 2 – Re-election of Mr Steven Zaninovich as a Director

4.1 General

Mr Steven Zaninovich was appointed as a Director of the Company to fill a casual vacancy on 2 October 2020

Listing Rule 14.4 provides that a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity. Rule 37.2 of the Constitution provides that any director appointed under Rule 37.1 (being an appointment to fill a casual vacancy or as an addition to the Board) holds office only until the conclusion of the next annual general meeting of the Company, and shall then be eligible for re-election. Rule 39.1(b) reinforces this obligation.

Rule 37.2 also provides that such a director shall not to be taken into account in determining the Directors who are to retire by rotation at that meeting.

Pursuant to Resolution 2, Mr Steven Zaninovich is retiring under Rules 37.2 and 39.1(b) of the Constitution, and Listing Rule 14.4 and being eligible for re-election, offers himself for re-election as a Non-Executive Director of the Company.

Explanatory Memorandum

Prior to Mr Zaninovich's appointment, the Company completed several background and screening checks in relation to Mr Zaninovich's character, experience and qualifications, criminal history, bankruptcy, with no adverse findings.

Prior to submitting himself for election, Mr Zaninovich has confirmed that he would continue to have sufficient time to properly fulfil his duties and responsibilities to the Company.

The Board also considered whether Mr Zaninovich had any interest, position or relationship that may interfere with his independence as a Director, having regard to the relevant factors as set out in the ASX Corporate Governance Council Principles & Recommendations (4th edition) (**ASX Principles**). The Board considers that Mr Zaninovich (if elected), will continue to be an Independent Director.

4.2 Qualifications and other material directorships

Mr Zaninovich is a degree-qualified engineer with over 25 years' experience in the mining industry. His career has encompassed all stages of the project development life cycle, from exploration and feasibility to construction and operations. Mr Zaninovich has worked extensively in West Africa and Australia in a variety of project development, maintenance and operational roles. He served as COO with Gryphon Minerals before assuming the role of Vice President of Major Projects, and becoming part of the Executive Management Team, at Teranga Gold Corporation ("Teranga") following its acquisition of Gryphon, where he was responsible for the bankable feasibility study for the Wahgnion Gold Project. Mr Zaninovich has extensive West African on the ground experience, predominantly in gold, including Ghana, Burkina Faso, Mali, Senegal and Côte d'Ivoire.

Mr Zaninovich is currently a Non-Executive Director of Indiana Resources Ltd (ASX:IDA), Sarama Resources Ltd (TSXV:SWA), Canyon Resources Ltd (ASX:CAY) and Maximus Resources Ltd (ASX:MXR). He previously held Non-Executive Director roles with Centaurus Metals, Gryphon Minerals, Orway Minerals Consultants, and an Executive position with Lycopodium Minerals.

Further Details regarding Mr Zaninovich are set out in the Company's ASX announcement dated 2 October 2020.

4.3 Directors' Recommendation

The Board supports the election of Mr Zaninovich as he will contribute to the Board, significant experience in the areas of operations & execution, gold exploration, industry relationships and health, safety, environment and community.

For the reasons set out above, the Directors, with Mr Zaninovich abstaining, unanimously recommend Shareholders vote in favour of Resolution 2.

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the resolutions the subject of this Meeting, including this Resolution 2, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair may change their voting intention on any resolution, in which case an ASX announcement will be made.

5. Resolution 3 - Re-election of Mr Michele Muscillo as a Director

5.1 General

Mr Muscillo was appointed as a Director on 20 April 2017 and is currently the Non-Executive Chairman of the Board.

Explanatory Memorandum

Listing Rule 14.5 provides that an entity which has directors must hold an election of directors at each annual general meeting.

Rule 39.1 of the Company's Constitution and Listing Rule 14.4 requires that at each annual general meeting, one-third of the Directors in office (excluding directors appointed to fill casual vacancies or a Managing Director) must retire and, if eligible, stand for re-election, with Directors required to retire based upon length of tenure. Rule 39.6 of the Company's Constitution requires that a Director shall not continue in office for a period in excess of three consecutive years or until the third annual general meeting following their appointment, whichever is longer, without submitting for re-election.

Pursuant to Resolution 3, Mr Michele Muscillo is retiring in accordance with Rule 39 of the Company's Constitution and Listing Rule 14.4 and, being eligible for re-election, offers himself for re-election as a Non-Executive Director of the Company.

Prior to submitting himself for election, Mr Muscillo has confirmed that he would continue to have sufficient time to properly fulfil his duties and responsibilities to the Company.

The Board also considered whether Mr Muscillo had any interest, position or relationship that may interfere with his independence as a Director, having regard to the relevant factors as set out in the ASX Principles. The Board considers that Mr Muscillo (if elected), will continue to be an independent Director.

5.2 Qualifications and other material directorships

Mr Muscillo is a Partner specialising in corporate law with HopgoodGanim Lawyers. He is an admitted Solicitor and has a practice focusing almost exclusively on mergers and acquisitions, and capital raising. He has a Bachelor of Laws from the Queensland University of Technology and was a recipient of the QUT University Medal.

In his role with HopgoodGanim Lawyers, Mr Muscillo has acted on a variety of corporate transactions including initial public offerings, takeovers and other acquisitions. Mr Muscillo's experience brings to the Board expertise on corporate regulation, governance and compliance matters.

Mr Muscillo was previously a director ASX-listed Orbis Gold Limited until its takeover by TSX-listed Semafo and is a non-executive director of ASX-listed Mako Resources Limited, Xanadu Mines Limited, and Cardinal Resources Limited.

5.3 Directors' Recommendation

For the reasons set out above, the Directors, with Mr Muscillo abstaining, unanimously recommend Shareholders vote in favour of Resolution 3.

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the resolutions the subject of this Meeting, including this Resolution 3, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair may change their voting intention on any resolution, in which case an ASX announcement will be made.

6. Resolutions 4, 5 and 6 - Issue of Options to Directors under the ESOP

6.1 Introduction

The Company has recently undertaken a review of, and has implemented an updated policy in respect of, board, executive and employee remuneration. The purpose of the policy is to establish clear and guiding principles for decisions by the Company around employee, executive and director remuneration and to ensure fair, competitive and appropriate pay for the

Explanatory Memorandum

markets in which the Company operates. The Company's goal is to ensure that the mix and balance of remuneration is appropriate to attract, motivate and retain high calibre directors, senior executives and key management personnel, utilising a policy that is consistent with the Company's business strategy and contemporary corporate governance standards.

As part of this review, the Directors have resolved to refer to Shareholders for approval the proposed grant of:

- (a) 2,000,000 options to Mr Ledwidge;
- (b) 1,500,000 options to Mr Muscillo; and
- (c) 1,000,000 options to Mr Zaninovich,

under the ESOP (the **Director Options**).

The terms of the Director Options are set out in more detail below.

Approval of Resolutions 4 to 6 for the issue of the Director Options is sought in accordance with Listing Rule 10.14 and Part 2E of the Corporations Act. As approval is being sought under Listing Rule 10.14, approval will not be required under Listing Rules 7.1 or 10.11. In order for the Director Options to be granted to a Director, the Board has determined that the requirements of Chapter 2E of the Corporations Act should also be observed.

6.2 Director Options terms

A summary of the terms of the ESOP and the terms of the Director Options is set out in Schedule 2.

6.3 Relevant legislation and regulatory requirements

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a Financial Benefit to a Related Party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition. One of the exceptions includes where the company first obtains the approval of its shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met.

A "Related Party" is defined widely in section 228 of the Corporations Act and includes, relevantly, a director (or proposed director) of a public company, any entity that controls (or is reasonably likely to control) a public company, and any entity that is controlled by a person or entity which is otherwise a Related Party, or there are reasonable grounds to believe that a person/entity is likely to become a Related Party of the public company.

A "Financial Benefit" for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the Related Party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

The proposed Resolutions 4 to 6, if passed, will confer Financial Benefits to the recipients of the Director Options (being Peter Ledwidge, Michele Muscillo and Steven Zaninovich as Directors of the Company) and the Company seeks to obtain Shareholder approval in accordance with the requirements of Part 2E of the Corporations Act and for this reason, and for all other purposes, the following information is provided to Shareholders.

Explanatory Memorandum

(a) **The Related Parties to whom Resolutions 4, 5 and 6 would permit the Financial Benefits to be given (section 219(1)(a))**

With respect to:

- (1) Resolution 4, Mr Ledwidge;
- (2) Resolution 5, Mr Muscillo; and
- (3) Resolution 6, Mr Zaninovich,

(or their respective nominees), who are Related Parties of the Company because they are Directors of the Company.

(b) **The nature of the Financial Benefits (section 219(1)(b))**

The nature of the proposed Financial Benefit to be given is the grant of:

- (1) 2,000,000 Director Options to Mr Ledwidge as referred to in Resolution 4;
- (2) 1,500,000 Director Options to Mr Muscillo as referred to in Resolution 5; and
- (3) 1,000,000 Director Options to Mr Zaninovich as referred to in Resolution 6,

which shall be issued on the terms set out in Schedule 2.

(c) **Directors' recommendation (section 219(1)(c))**

- (1) With respect to Resolution 4, Mr Muscillo and Mr Zaninovich (with Mr Ledwidge abstaining) recommend that Shareholders vote in favour of this Resolution. The reasons for their recommendation include:

- (A) the grant of the Director Options as proposed to Mr Ledwidge are intended to drive leadership and overall direction of the company, consistent governance and oversight of the Company and its management and are awarded based on service;
- (B) the Director Options are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (C) in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, Mr Muscillo and Mr Zaninovich considered that the incentive provided a cost effective and efficient incentive as opposed to alternative forms of incentives (e.g. cash bonuses). However, it must be recognised that there will be an opportunity cost to the Company, being the price at which the Company could grant the Director Options (and resulting Shares) to a third party.

As Mr Ledwidge is interested in the outcome of makes no recommendation to Resolution 4, he accordingly makes no recommendation to Shareholders in respect of this Resolution.

- (2) With respect to Resolution 5, Mr Ledwidge and Mr Zaninovich (with Mr Muscillo abstaining) recommend that Shareholders vote in favour of this Resolution. The reasons for their recommendation include:

- (A) the grant of the Director Options as proposed to Mr Muscillo are intended to drive consistent governance and oversight of the Company and its management and are awarded based on service;

Explanatory Memorandum

- (B) the Director Options are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (C) in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, Mr Ledwidge and Mr Zaninovich considered that the incentive provided a cost effective and efficient incentive as opposed to alternative forms of incentives (e.g. cash bonuses). However, it must be recognised that there will be an opportunity cost to the Company, being the price at which the Company could grant the Director Options (and resulting Shares) to a third party.

As Mr Muscillo is interested in the outcome of makes no recommendation to Resolution 5, he accordingly makes no recommendation to Shareholders in respect of this Resolution.

- (3) With respect to Resolution 6, Mr Ledwidge and Mr Muscillo (with Mr Zaninovich abstaining) recommend that Shareholders vote in favour of this Resolution. The reasons for their recommendation include:

- (A) the grant of the Director Options as proposed to Mr Zaninovich are intended to drive consistent governance and oversight of the Company and its management and are awarded based on service;
- (B) the Director Options are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (C) in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, Mr Ledwidge and Mr Muscillo considered that the incentive provided a cost effective and efficient incentive as opposed to alternative forms of incentives (e.g. cash bonuses). However, it must be recognised that there will be an opportunity cost to the Company, being the price at which the Company could grant the Director Options (and resulting Shares) to a third party.

As Mr Zaninovich is interested in the outcome of makes no recommendation to Resolution 6, he accordingly makes no recommendation to Shareholders in respect of this Resolution.

(d) **Directors' interest and other remuneration (section 219(1)(d))**

- (1) Mr Ledwidge has a material personal interest in the outcome of Resolution 4, as it is proposed that the 2,000,000 Director Options be granted to him (or his nominee) as set out in Resolution 4.

Excluding the Director Options, Mr Ledwidge (and entities associated with him) holds 8,014,862 Shares. In addition, Mr Ledwidge currently receives director's remuneration of \$255,000 (including statutory superannuation) per annum from the Company for his services as Managing Director of the Company. In addition, Mr Ledwidge is eligible for a discretionary bonus to be assessed annually by the Board. To date no bonus has been paid under this term.

- (2) Mr Muscillo has a material personal interest in the outcome of Resolution 5, as it is proposed that the 1,500,000 Director Options be granted to him (or his nominee) as set out in Resolution 5.

Excluding the Director Options, Mr Muscillo (and entities associated with him) holds 558,823 Shares. In addition, Mr Muscillo currently receives director's fees of \$80,000 per annum from the Company for his services as Non-Executive Chair of the Company.

Explanatory Memorandum

- (3) Mr Zaninovich has a material personal interest in the outcome of Resolution 6, as it is proposed that the 1,000,000 Director Options be issued to him (or his nominee) as set out in Resolution 6.

Excluding the Director Options, Mr Zaninovich currently receives director's fees of \$50,000 per annum from the Company for his services as Non-Executive Director of the Company.

If all of the Director Options granted vest and are exercised by Mr Ledwidge, Mr Muscillo, and Mr Zaninovich, it will have the following effect on their holdings in the Company (assuming no other Shares in the Company are issued or acquired by those Directors) and the dilutionary impact on current Shareholders of the Company:

Shareholder	Current Share Holding	% of Total Share Capital Shares on issue	Shares held Upon issue and exercise of Directors Shares	% of Total Share Capital Shares on issue
Current Shareholders	247,875,061	96.657%	247,875,061	94.990%
Peter Ledwidge	8,014,862	3.125%	10,014,862	3.838%
Michele Muscillo	558,823	0.218%	2,058,823	0.789%
Steven Zaninovich	-	-	1,000,000	0.383%
Total	256,448,746	100%	260,948,746	100%

(e) **Valuation**

The Director Options are not currently quoted on the ASX and as such have no readily observed market value. The Director Options each grant the holder thereof a right to subscribe for one Share upon exercise of each Director Option and payment of the Exercise Price of the Director Option. Accordingly, the Director Options may have a present value at the date of their grant.

The Director Options may acquire future value dependent upon the extent to which the Shares exceed the Exercise Price of the Director Options during the term of the Director Options.

As a general proposition, options to subscribe for ordinary fully paid shares in a company have value. Various factors impact upon the value of options including things such as:

- (1) the period outstanding before the expiry date of the options;
- (2) the exercise price of the options relative to the underlying price or value of the securities into which they may be converted;
- (3) the proportion of the issued capital as expanded consequent upon exercise represented by the shares issued upon exercise (i.e. whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest);
- (4) the value of the shares into which the options may be converted; and
- (5) whether or not the options are listed (i.e. readily capable of being liquidated), and so on.

Explanatory Memorandum

There are various formulae which can be applied to determining the theoretical value of options (including the formula known as the Black-Scholes Model option valuation formula).

The Company has undertaken a valuation of the Director Options utilising the Black-Scholes Model, which is the most widely used and recognised model for pricing options.

Inherent in the application of the Black-Scholes Model are a number of inputs, some of which must be assumed. The data relied upon in the valuation applying the Black-Scholes Model was:

- (6) an exercise price of the Director Options being \$0.165;
- (7) a market price of Shares of \$0.11 being the closing price of Shares prior to the 12/10/20 valuation, as a proxy for the market price at the future date of issue, being the date of the Meeting to approve the issue;
- (8) the Director Options vesting in equal tranches on 30/11/2021, 30/11/2022 and 30/5/2023;
- (9) Expiry Dates of 30/11/23 for the respective tranches of the Director Options;
- (10) a volatility measure of 90%;
- (11) a risk-free interest rate of 0.15%; and
- (12) a dividend yield of nil.

Some relatively minor variables were included in the calculation to estimate the value of the Director Options as “American style” options (being exercisable at any time prior to the stated expiry date). Theoretically, the Black-Scholes Model prices “European style” options (being exercisable only on this exercise date).

Based on the valuation, the Company has adopted an indicative value for the Director Options as follows:

Item	Director Options
Underlying security spot price	\$0.11
Exercise price	\$0.165
Valuation date	12/10/2020
Commencement of vesting period	1/12/20
Vesting dates	30/11/2021, 30/11/2022 and 30/05/2023
Vesting period (years)	1, 2 and 2.5 years
Expiry date	30/11/2023
Life of the Options (years)	3
Expected term (years)	2.41575
Volatility	90%
Risk-free rate	0.15%
Dividend yield	0
Valuation per Option	\$0.046

Explanatory Memorandum

On that basis, the respective value of the Director Options to be issued pursuant to Resolutions 4 to 6 is as follows:

Directors name	Number of Options	Total \$ based on option valuation of \$0.046 per option
Peter Ledwidge	2,000,000	\$92,000
Michele Muscillo	1,500,000	\$69,000
Steven Zaninovich	1,000,000	\$46,000

(f) **Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors (section 219(1)(e) and 219(2))**

There is no other information known to the Company or any of its Directors save and except as follows:

(1) **Market Price movements**

The option valuation noted above is based on a market price of the Shares at the time of the valuation dated 12 October 2020 of \$0.046 per option.

There is a possibility that the market price of the Shares on the date of issue of the Director Options will be different to this and that the market price of the Shares will change up to the date of the Meeting.

The effect on the valuation per option of movements in the market price of the Shares is set out below:

Market Price	Valuation per option
\$0.10	\$0.042
\$0.12	\$0.050

(2) **Trading history**

As at 9 October 2020, the closing price of Shares on the ASX was \$0.11.

Set out below is the trading history of the Shares over the past 12 months.

In the 12 months prior to 13 October 2020, the Company's trading history is as follows:

	Market Price 6 months prior to Notice of Meeting	Market Price 12 months prior to Notice of Meeting
High	\$0.170	\$0.170
Low	\$0.042	\$0.027
VWAP	\$0.119	\$0.123

(3) **Opportunity costs**

Explanatory Memorandum

The opportunity costs and benefits foregone by the Company issuing the Director Options to Mr Ledwidge, Mr Muscillo and Mr Zaninovich (or their respective nominees) is the potentially dilutionary impact on the issued Share capital of the Company (in the event that the Director Options are exercised). Until exercised, the issue of the Director Options will not impact upon the number of Shares on issue in the Company. To the extent that the dilutionary impact caused by the issue of the Director Options will be detrimental to the Company, this is considered to be more than offset by the advantages accruing from the Company securing the services of experienced and skilled directors on appropriate incentive terms.

(4) **Taxation consequences**

No stamp duty will be payable in respect of the grant of the Director Options. No GST will be payable by the Company in respect of the grant of the Director Options (or if it is then it will be recoverable as an input credit).

AASB 2 “Share Based Payments” requires that these payments shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards this amount will be expensed in the statement of financial performance. Where the grant date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management’s assumptions about probabilities of payments and compliance with and attainment of the set out terms and conditions.

(5) **Dilutionary effect**

The effect of the issue of the Director Options, assuming that none of the existing options on issue in the Company have been exercised, is summarised at paragraph 6.3(d) above.

(6) **Lodgement with ASIC**

A copy of this Notice and the Explanatory Memorandum has been lodged with ASIC in accordance with section 218 of the Corporations Act.

Listing Rule 10.14

(g) **Listing Rule 10.14**

The Company is proposing to issue the Director Options.

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire Equity Securities under an employee incentive scheme:

- (1) **(Listing Rule 10.14.1)** a director of the Company;
- (2) **(Listing Rule 10.14.2)** an associate of a director of the Company; or
- (3) **(Listing Rule 10.14.3)** a person whose relationship with the Company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX’s opinion, the acquisition should be approved by its Shareholders,

unless it obtains the approval of its Shareholders.

The issue of the Director Options falls within Listing Rule 10.14.1 above and therefore requires the approval of Shareholders under Listing Rule 10.14.

Explanatory Memorandum

Resolutions 4 to 6 seek the required Shareholder approval to issue the Director Options under and for the purposes of Listing Rule 10.14.

If Resolutions 4 to 6 are passed, the Company will be able to proceed with the issue of the Director Options and the Directors will be remunerated accordingly.

If any of the Resolutions 4 to 6 are not passed, the Company will not be able to proceed with the issue of the Director Options and the Company may need to consider other forms of performance-based remuneration in that regard.

For the purposes of Listing Rule 10.15, the Company advises as follows:

- (1) **(Listing Rule 10.15.1)** the following Directors (or their respective nominees) are to be the recipients of the Director Options:
 - (A) Resolution 4, Mr Ledwidge;
 - (B) Resolution 5, Mr Muscillo; and
 - (C) Resolution 6, Mr Zaninovich;
- (2) **(Listing Rule 10.15.2)** as each of the above are Directors they fall within the category stipulated by Listing Rule 10.14.1. In the event the Director Options are issued to a nominee of the relevant Directors, that person will fall within the category stipulated by Listing Rule 10.14.2;
- (3) **(Listing Rule 10.15.3)** The maximum number of Director Options to be issued to the Directors is 4,500,000 Director Options, being:
 - (A) to Mr Ledwidge (or his nominee), 2,000,000 Director Options;
 - (B) to Mr Muscillo (or his nominee), 1,500,000 Director Options; and
 - (C) to Mr Zaninovich (or his nominee), 1,000,000 Director Options
- (4) **(Listing Rule 10.15.4)** details of the total remuneration package of each of Mr Ledwidge, Mr Muscillo and Mr Zaninovich is set out at paragraph 6.3(d) above;
- (5) **(Listing Rule 10.15.5)** No securities have previously been issued to any Director under the ESOP;
- (6) **(Listing Rule 10.15.6)** a summary of the material terms of the Director Options is set out at Schedule 2.

The Company has proposed to issue the Director Options to reward and incentivise the Directors to contribute to the growth of the Company. The Company believes that the grant of the Director Options provides a cost-effective and efficient incentive as opposed to alternative forms of incentives (e.g. cash bonuses).

Details of the value of the Director Options are set out at paragraph 6.3(e) above;
- (7) **(Listing Rule 10.15.7)** the Director Options are intended to be granted as soon as possible following the meeting, but in any event, within three (3) years of the date of the Meeting;
- (8) **(Listing Rule 10.15.8)** the Director Options are being issued for nil cash consideration;

Explanatory Memorandum

- (9) **(Listing Rule 10.15.9)** A summary of the material terms of the ESOP is set out in Schedule 1;
- (10) **(Listing Rule 10.15.10)** no loans of any description will be provided to the Directors in relation to the Director Options;
- (11) **(Listing Rule 10.15.11)** details of any Equity Securities issued under the ESOP will be published in the Company's Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

Any additional persons covered by Listing Rule 10.14 who will become entitled to participate in an issue of Equity Securities under the ESOP after Resolutions 4 to 6 are approved (should they be approved) and who are not named in this Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14; and

- (12) **(Listing Rule 10.15.12)** a voting exclusion statement for Resolutions 4 to 6 is contained in the Notice of Meeting above.

In accordance with Listing Rule 7.2, as approval is being sought under Listing Rule 10.14, approval is not required to be obtained under Listing Rule 7.1.

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to benefits contemplated by Resolutions 4 to 6.

7. Resolution 7 - Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A

7.1 Introduction

Under Resolution 7, the Company is seeking Shareholder approval to issue an additional 10% of its issued ordinary Share capital over a 12 month period pursuant to Listing Rule 7.1A (**10% Placement Capacity**). If passed, this Resolution will allow the Company to allot and issue up to the number of new Equity Securities calculated in accordance with Listing Rule 7.1A.2 (**Placement Securities**), as long as certain requirements are met.

Under Listing Rule 7.1A, small and mid-cap listed entities that meet the eligibility threshold and have obtained the approval of their shareholders by Special Resolution at the annual general meeting are entitled to the additional 10% Placement Capacity, which is in addition to the ability of the Company to issue 15% of its issued capital without Shareholder approval over a 12 month period pursuant to Listing Rule 7.1. The Company may issue the Placement Securities to raise funds for the Company.

Funds raised from the issue of Placement Securities, if undertaken, would be applied towards exploration and drilling on the Napie project in order to extend existing high grade mineralisation, test multiple high priority regional prospects with an aim to deliver a maiden Mineral Resource Estimate in 2021. The funds will also be used towards general working capital requirements and corporate costs.

An Equity Security is a Share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security. Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

Explanatory Memorandum

This Resolution 7 is a Special Resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of this Resolution for it to be passed.

7.2 Listing Rule 7.1A

(a) General

(1) Eligibility

An entity is eligible to undertake the additional 10% Placement Capacity if, at the time of its annual general meeting, it has a market capitalisation of \$300 million or less and it is not included in the S&P/ASX300 Index.

As at the date of this Notice of Meeting, the Company has a market capitalisation of less than \$300 million and is not included in the S&P/ASX300 Index and is therefore an “Eligible Entity” and able to undertake the additional 10% Placement Capacity under Listing Rule 7.1A.

In the event that the Company for any reason ceases to be an Eligible Entity after the Company has already obtained Shareholders’ approval pursuant to this Resolution 7, the approval obtained will not lapse and the Company will still be entitled to issue the Placement Securities.

(2) Special Resolution

This Resolution 7 is a Special Resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of this Resolution for it to be passed.

(3) Shareholder approval

The ability to issue the Placement Securities is conditional upon the Company obtaining Shareholder approval by way of a Special Resolution at the Meeting.

(b) 10% Placement Capacity period - Listing Rule 7.1A.1

Assuming Resolution 7 is passed, Shareholder approval of the additional 10% Placement Capacity under Listing Rule 7.1A is valid from the date of the Meeting and expires on the earlier to occur of:

- (1) the date that is 12 months after the date of the Meeting;
- (2) the time and date of the Company’s next Meeting; or
- (3) the time and date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX.

If approval is given for the issue of the Placement Securities then the approval will expire on 20 November 2021, unless the Company holds its next Meeting or Shareholder approval is granted pursuant to Listing Rule 11.1.2 or Listing Rule 11.2 prior to that date.

Explanatory Memorandum

(c) **Calculation for additional 10% Placement Capacity - Listing Rule 7.1A.2**

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

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

where:

A is the number of ordinary securities on issue 12 months before the date of issue or agreement:

- (1) plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
- (2) plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- (3) plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rule 7.1 or Listing Rule 7.4 (but note that this does not include an issue of fully paid ordinary securities under the entity's 15% placement capacity without shareholder approval); and
- (4) less the number of fully paid ordinary securities cancelled in the 12 months.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the Relevant period where the issue or agreement has not been subsequently approved by the shareholders under Listing Rule 7.4.

(d) **Listing Rule 7.1A.3**

- (1) Equity Securities

Any Equity Securities issued under the additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company and issued for cash consideration.

As at the date of this notice of meeting, the classes of Equity Securities in the Company quoted on the ASX are Shares (ASX Code: MKG), and Options (ASX Code: MKGO). As at the date of this Notice of Meeting, the Company presently has 256,448,746 Shares and 14,999,983 Options on issue at the date of this Notice of Meeting.

- (2) Minimum issue price

The issue price for the Placement Securities issued under Listing Rule 7.1A must be not less than 75% of the volume weight average market price (**VWAP**) of Equity Securities in the same class calculated over the 15 trading days immediately before:

- (A) the date on which the price at which the relevant Placement Securities are to be issued is agreed by the Company and the recipient of the Placement Securities; or
- (B) if the relevant Placement Securities are not issued within ten trading days of the date in paragraph 7.2(d)(2)(A) above, the date on which the relevant Placement Securities are issued.

Explanatory Memorandum

(e) **Information to be given to ASX - Listing Rule 7.1A.4**

If Resolution 7 is passed and the Company issues any Placement Securities under Listing Rule 7.1A, the Company must:

- (1) state in its announcement of the issue or in its application for quotation of the Placement Securities that they are being issued under Listing Rule 7.1A; and
- (2) give to the ASX immediately after the issue a list of allottees of the Placement Securities and the number of Placement Securities allotted to each (this list will not be released to the market).

(f) **Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A under the additional 10% Placement Capacity is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice of Meeting, the Company has 256,448,746 Shares on issue. The Company will have the capacity to issue the following Shares on the date of the Meeting:

- (1) 38,467,311 Shares under Listing Rule 7.1; and
- (2) subject to Shareholder approval being obtained under Resolution 7, 25,644,874 Shares under Listing Rule 7.1A.

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

7.3 Specific information required by Listing Rule 7.3A

(a) **The period for which the approval will be valid - Listing Rule 7.3A.1**

The Company will only issue and allot the Placement Securities during the approval period. The approval under Resolution 7 for the issue of the Placement Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities of the Company) or Listing Rule 11.2 (the disposal of the main undertaking of the Company), or the Company holds its next Meeting before the 12 month anniversary of the Meeting.

(b) **Minimum price of securities issued under Listing Rule 7.1A - Listing Rule 7.3A.2**

Pursuant to and in accordance with Listing Rule 7.1A.3, the Placement Securities issued pursuant to approval under Listing Rule 7.1A must be issued for cash consideration and have an issue price of not less than 75% of the VWAP for the Equity Securities over the 15 trading days immediately before:

- (1) the date on which the price at which the Placement Securities are to be issued is agreed; or
- (2) if the Placement Securities are not issued within five trading days of the date in paragraph 7.3(b)(1) above, the date on which the Placement Securities are issued.

The Company will disclose to the ASX the issue price on the date of issue of the Placement Securities.

Explanatory Memorandum

(c) **Purpose - Listing Rule 7.3A.3**

As noted above, the purpose for which the Placement Securities may be issued include to raise funds for the Company. Funds raised from the issue of Placement Securities, if undertaken, would be applied towards exploration and drilling on the Napie project in order to extend existing high grade mineralisation, test multiple high priority regional prospects with an aim to deliver a maiden Mineral Resource Estimate in 2021. The funds will also be used towards general working capital requirements and corporate costs.

(d) **Risk of economic and voting dilution - Listing Rule 7.3A.4**

If Resolution 7 is passed and the Company issues the Placement Securities, there is a risk of economic and voting dilution to the existing Shareholders. The Company currently has on issue 256,448,746 Shares. The Company could issue 64,112,185 Shares on the date of the Meeting if Resolution 7 is passed (however, it is important to note that the exact number of Equity Securities which may be issued will be calculated in accordance with the formula contained in Listing Rule 7.1A.2, details of which are set out above). Any issue of Placement Securities will have a dilutive effect on existing shareholders.

There is a specific risk that:

- (1) the Market Price for the Company's Equity Securities may be significantly lower on the date of the issue of any Placement Securities than it is on the date of the meeting; and
- (2) the Placement Securities may be issued at a price that is at a discount to the Market Price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue or the value of the Placement Securities.

As required by Listing Rule 7.3A.4, Table 1 below shows the potential economic and voting dilution effect, in circumstances where the issued Share capital has doubled and the Market Price of the shares has halved. Table 1 also shows additional scenarios in which the issued share capital has increased (by both 50% and 100%) and the Market Price of the shares has:

- (3) decreased by 50%; and
- (4) increased by 100%.

Variable "A" in Listing Rule 7.1A.2	Voting Dilution	Dilution		
		\$0.055 50% decrease in Issue Price	\$0.11 Issue Price	\$0.22 100% increase in Issue Price
Current Variable A	10% voting dilution	25,644,875		
256,448,746 Shares	Funds raised	\$1,410,468	\$2,820,936	\$5,641,872
50% increase in current Variable A	10% voting dilution	38,467,312		
384,673,119 Shares	Funds raised	\$2,115,702	\$4,231,404	\$8,462,809
100% increase in current Variable A	10% voting dilution	51,289,749		
512,897,492 Shares	Funds raised	\$2,820,936	\$5,641,872	\$11,283,745

Explanatory Memorandum

Assumptions and explanations

- (5) The Market Price is \$0.11, based on the closing price of the Shares on ASX on 9 October 2020.
- (6) The above table only shows the dilutionary effect based on the issue of the Placement Securities (assuming only Shares are issued), and not any Shares issued under the 15% placement capacity under Listing Rule 7.1.
- (7) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
- (8) The Company issues the maximum number of Placement Securities.
- (9) The issued share capital has been calculated in accordance with the formula in Listing Rule 7.1A.2 as at 9 October 2020.
- (10) The issue price of the Placement Securities used in the table is the same as the Market Price and does not take into account the discount to the Market Price (if any).

(e) Company's allocation policy - Listing Rule 7.3A.5

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

- (1) the methods of raising funds that are available to the Company including, but not limited to, rights issue or other issue in which existing Shareholders can participate;
- (2) the effect of the issue of the Placement Securities on the control of the Company;
- (3) the financial situation and solvency of the Company; and
- (4) advice from corporate, financial and broking advisers (if applicable).

The allottees of the Placement Securities have not been determined as at the date of this Notice of Meeting but may include existing substantial Shareholders and new 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 for which Placement Securities are issued as consideration, it is likely that the allottees of some of the Placement Securities will be the vendors of the new assets or investments.

(f) Previous issues under Listing Rule 7.1A.2 - Listing Rule 7.3A.6

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at the Annual General Meeting held on 14 November 2019 (**Previous Approval**).

The Company has issued or agreed to issue Equity Securities in the previous 12 months under the Previous Approval, and the following information is provided to shareholders in accordance with Listing Rule 7.3A.6:

Explanatory Memorandum

Listing Rule 7.3A.6(a): Total Equity Securities issued in previous 12 months

	Ordinary Shares	Listed Options	Unlisted Options	Total
Number of Equity Securities on issue at commencement of 12 month period	89,672,084	14,999,983	3,500,000	108,172,067
Changes in Equity Securities in prior 12 month period	166,776,662	0	8,223,091	174,999,753
Number of Equity Securities as at 20 October 2020	256,448,746	14,999,983	11,723,091	283,171,820
Percentage previous issues represent of total number of Equity Securities on issue at commencement of 12 month period				162%

Listing Rule 7.3A.6(b): Details of Equity Securities issued in previous 12 months

Issue of Placement Shares	
Class/Type of equity security	Fully Paid Ordinary Shares
Summary of terms	Shares rank pari passu with all other Shares on issue in the Company
Names of persons who received securities or basis on which those persons was determined	Sophisticated and professional investors who participated in the private placement
Dates of Issue	19/12/2019
Number Issued	9,714,286
Price at which equity securities were issued	\$0.07 per share
Discount to market price (if any)	9% discount to the market price
Total cash consideration received	\$680,000
Amount of consideration spent	100%
Use of cash	To pay issue costs \$39,000, for exploration activities on the Napie project in Cote D'Ivoire \$533,000 and general corporate costs \$107,000
Intended use for remaining consideration (if any)	Nil remaining

Issue of Placement Shares	
Class/Type of equity security	Fully Paid Ordinary Shares
Summary of terms	Shares rank pari passu with all other Shares on issue in the Company
Names of persons who received securities or basis on which those persons was determined	Sophisticated and professional investors who participated in the private placement
Dates of Issue	4/6/20 and 13/7/20
Number Issued	65,000,000
Price at which equity securities were issued	\$0.05 per share
Discount to market price (if any)	18% discount to the market price
Total cash consideration received	\$3,250,000
Amount of consideration spent	51%

Explanatory Memorandum

Use of cash	To pay issue costs \$200,000, for exploration activities on the Napie project in Cote D'Ivoire \$1,175,000 and general corporate costs \$275,000
Intended use for remaining consideration (if any)	\$1,600,000 remains and will be spent on drilling and other exploration activities mainly at the Napie project in Cote D'Ivoire along with general working capital uses

Issue of Placement Shares	
Class/Type of equity security	Fully Paid Ordinary Shares
Summary of terms	Shares rank pari passu with all other Shares on issue in the Company
Names of persons who received securities or basis on which those persons was determined	Sophisticated and professional investors who participated in the private placement
Dates of Issue	31/8/20 and 7/10/20
Number Issued	86,956,522
Price at which equity securities were issued	\$0.115 per share
Discount to market price (if any)	17.9% discount to the market price
Total cash consideration received	\$10,000,000
Amount of consideration spent	6%
Use of cash	To pay issue costs \$600,000
Intended use for remaining consideration (if any)	\$9,400,000 remains and will be spent on drilling and other exploration activities mainly at the Napie project in Cote D'Ivoire along with general working capital uses

Issue of Drilling Services Shares	
Class/Type of equity security	Fully Paid Ordinary Shares
Summary of terms	Shares rank pari passu with all other Shares on issue in the Company
Names of persons who received securities or basis on which those persons was determined	Geodrill Limited: Under an agreement entered into in October 2019 and approved at the 2019 AGM the Company has approval (up to 14 November 2020) to issue up to 5,000,000 Shares to Geodrill Ltd as payment for drilling services supplied. Mako has the option to pay invoices 50% in cash and 50% via the issue of shares, at an issue price equal to the 15-day VWAP immediately prior to the date of the invoice.
Dates of Issue	19/12/19, 31/3/20, 7/8/20 and 4/9/20
Number Issued	4,885,854
Price at which equity securities were issued	Total value of invoices paid is \$486,166
Discount to market price (if any)	nil
Total cash consideration received	N/A
Amount of consideration spent	N/A
Use of cash	N/A
Intended use for remaining consideration (if any)	N/A
Current value of non-cash consideration	N/A

Issue of Option Conversion Shares	
Class/Type of equity security	Fully Paid Ordinary Shares

Explanatory Memorandum

Summary of terms	Shares rank pari passu with all other Shares on issue in the Company
Names of persons who received securities or basis on which those persons was determined	Holders of unlisted 30/11/20 \$0.10 options who have exercised their options
Dates of Issue	17/7/20, 11/9/20 and 18/9/20
Number Issued	220,000
Price at which equity securities were issued	\$0.10
Discount to market price (if any)	N/A
Total cash consideration received	\$22,000
Amount of consideration spent	\$22,000
Use of cash	General working capital
Intended use for remaining consideration (if any)	N/A

Issue of Unlisted Options	
Class/Type of equity security	Unlisted Option
Summary of terms	Expiry: 30/11/20 Exercise Price: \$0.10
Names of persons who received securities or basis on which those persons was determined	Issued to subscribers for the share placement in December 2019
Dates of Issue	19/12/2019
Number Issued	1,942,856
Price at which equity securities were issued	Nil
Non-cash consideration and current value of non-cash consideration	The options were issued as free attaching on the basis of one free option for every five shares subscribed for. The current value of the options is 1.5 cents each based on the market price of the fully paid ordinary shares

Issue of Unlisted Options	
Class/Type of equity security	Unlisted Option
Summary of terms	Expiry: 5/7/22 Exercise Price: \$0.075
Names of persons who received securities or basis on which those persons was determined	Advisor Options issued in connection with the services provided by Discovery Capital Partners in relation to the share placement in June/July 2020
Dates of Issue	13/07/2020
Number Issued	2,500,325
Price at which equity securities were issued	\$.00001 per option
Non-cash consideration and current value of non-cash consideration	The current value of the options is 4 cents each based on the market price of the fully paid ordinary shares

Issue of Unlisted Options	
Class/Type of equity security	Unlisted Option
Summary of terms	Expiry: 5/7/22 Exercise Price: \$0.1725
Names of persons who received securities or basis on which those persons was determined	Advisor Options issued in connection with the services provided by Discovery Capital Partners Pty Ltd and Blue Ocean Equities Pty Limited in relation to the share placement in August/October 2020
Dates of Issue	7/10/2020
Number Issued	4,000,000

Explanatory Memorandum

Price at which equity securities were issued	Nil
Non-cash consideration and current value of non-cash consideration	The current value of the options is 4.15 cents each based on a black-scholes calculation

(g) **Voting exclusion statement – Listing Rule 7.3A.7**

A voting exclusion statement is included in the Notice of Meeting. At the date of the Notice of Meeting, the proposed allottees of any Placement Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rule 7.1 and Listing Rule 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the Placement Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

7.4 Directors' Recommendation

The Directors of the Company unanimously recommend that Shareholders vote in favour of Resolution 7.

8. Interpretation

10% Placement Capacity has the meaning given to it in section 7.

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

Annual Report means the document entitled "Annual Report to shareholders" for the Company released to the ASX on 29 September 2020.

ASIC means the Australian Securities and Investments Commission.

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

Auditor's Report means the document dated 29 September 2020 entitled "Independent Auditor's Report to the Members".

Balance Sheet means the Consolidated Balance Sheet for the Company as at 30 June 2020 contained within the Annual Report.

Board means the board of directors of the Company.

Chair means the person who chairs the Meeting.

Explanatory Memorandum

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

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

Company means Mako Gold Limited ACN 606 241 829.

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

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

Director means a director of the Company.

Director Options has the meaning given to it in section 6.

Directors' Declaration means the declaration dated 29 September 2020 contained within the Annual Report.

Directors' Report means the document dated 29 September 2020 entitled 'Directors' Report' contained within the Annual Report.

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

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

Financial Benefit has the meaning given to that term in section 229 of the Corporations Act.

Key Management Personnel or **KMP** has the definition given in *Accounting Standards AASB 124 Related Party Disclosure* as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

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

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

Meeting, Annual General Meeting or **AGM** means the annual general meeting to be held at Mako Gold Limited, Level 17, 300 Adelaide Street, Brisbane, Queensland 4000 on Friday, 20 November as convened by the accompanying Notice of Meeting.

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

Official List means the official list of ASX.

Explanatory Memorandum

Options means an option to subscribe for Shares.

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

Placement Securities has the meaning given to it in section 7.

Related Party has the meaning in section 228 of the Corporations Act.

Relevant period means:

- (a) if the entity has been admitted to the Official List for 12 months or more, the 12 month period immediately preceding the date of the issue or agreement; or
- (b) if the entity has been admitted to the Official List for less than 12 months, the period from the date the entity was admitted to the Official List to the date immediately preceding the date of the issue or agreement.

Remuneration Report means the remuneration report as contained in the annual Directors' Report of the Company for the financial year ending 30 June 2020.

Resolution means a resolution as set out in the Notice of Meeting.

Securities has the meaning in section 92(1) of the Corporations Act.

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

Share Registry means Link Market Services Limited

Shareholder means a holder of Shares in the Company.

Special Resolution means a resolution:

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

Statement of Cashflows means the consolidated Statement of Cashflows for the Company for the year ended 30 June 2020.

Statement of Financial Performance means the consolidated statement of Profit or Loss and Other Comprehensive Income for the Company for the year ended 30 June 2020 contained within the Annual Report.

VWAP means the volume weighted average closing price.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Paul Marshall (**Company Secretary**):

Email: pmarshall@makogold.com.au

Explanatory Memorandum

Schedule 1 Summary of the ESOP

Note that terms not otherwise defined in the Notice or Explanatory Memorandum have the meaning given to them under the ESOP (referred to below as the **Plan**)

1. The Plan is to extend to Eligible Persons or Eligible Associate (as the case may be) of Mako Gold Limited ACN 606 241 829 (**Company**) or an Associated Body Corporate of the Company as the Board may in its discretion determine.
2. The total number of Securities which may be offered by the Company under the Plan shall not at any time exceed 5% of the Company's total issued Shares when aggregated with the number of Securities issued or that may be issued as a result of offers made at any time during the previous three year period under:
 - (a) an employee incentive scheme covered by ASIC CO 14/1000; or
 - (b) an ASIC exempt arrangement of a similar kind to an employee incentive scheme.
3. The Shares are to be issued at a price determined by the Board.
4. The Options are to be issued for no consideration.
5. The exercise price of an Option is to be determined by the Board at its sole discretion.
6. The Option Commencement Date will be any such date or dates with respect to the Options or tranches of Options (as the case may be) as may be determined by the Board prior to the issuance of the relevant Options.
7. The Option Period commences on the Option Commencement Date and ends on the earlier of:
 - (a) the expiration of such period nominated by the Board at its sole discretion at the time of the grant of the Option but being not less than two years;
 - (b) if an Eligible Person's employment or engagement with the Company or an Associated Body Corporate ceases because of an Uncontrollable Event, the earlier of:
 - (1) the expiry of the Option Period; or
 - (2) six months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Eligible Person ceased that employment or engagement;
 - (c) if an Eligible Person's employment or engagement with the Company or an Associated Body Corporate ceases because of a Controllable Event:
 - (1) the expiry of the Option Period; or
 - (2) three months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Eligible Person ceased that employment or engagement; or
 - (d) the Eligible Person ceasing to be employed or engaged by the Company or an Associated Body Corporate of the Company due to fraud, dishonesty or being in material breach of their obligations to the Company or an Associated Body Corporate.
8. Eligibility to participate is determined by the Board. Eligibility is restricted to Eligible Persons (or their Eligible Associates where applicable) of the Company or an Associated Body Corporate of the Company. The Board is entitled to determine:
 - (a) subject to paragraph 2, the total number of Shares and Options to be offered in any one year to Eligible Persons or Eligible Associates;
 - (b) the Eligible Persons to whom offers will be made; and
 - (c) the terms and conditions of any Shares and Options granted, subject to the Plan.
9. In respect of Options, Option holders do not participate in dividends or in bonus issues unless the Options are exercised.

Explanatory Memorandum

10. Option holders do not have any right to participate in new issues of securities in the Company made to shareholders generally. The Company will, where required pursuant to the ASX Listing Rules, provide Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Options, in accordance with the requirements of the ASX Listing Rules.
11. In the event of a pro rata issue (except a bonus issue) made by the Company during the term of the Options the Company may adjust the exercise price for the Options in accordance with the formula in the terms of the Plan.
12. The Board has the right to vary the entitlements of Participants to take account of the effect of capital reorganisations, bonus issues or rights issues.
13. The terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of Shares in the Company approve of such a change. However, the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options.
14. The Board may impose as a condition of any offer of Shares and Options under the Plan any restrictions on the transfer or encumbrance of such Shares and Options as it determines.
15. The Board may vary the Plan.
16. The Plan is separate to and does not in any way form part of, vary or otherwise affect the rights and obligations of an Eligible Person under the terms of his or her employment or arrangement.
17. At any time from the date of an Offer until the Acceptance Date of that Offer, the Board undertakes that it shall provide information as to:
 - (a) the Current Market Price of the Shares; and
 - (b) the acquisition price of the Shares or Options offered where this is calculated by reference to a formula, as at the date of the Offer,to any Participant within three Business Days of a written request to the Company from that Participant to do so.
18. Any Offer made pursuant to the Plan will specify whether subdivision 83A-C of the applicable Tax Laws applies to that Offer such that any tax payable by a Participant under the Offer will be deferred to the applicable deferred taxing point described in that subdivision.

In the Plan:

Controllable Event means cessation of employment or engagement other than by an Uncontrollable Event.

Uncontrollable Event means:

- (a) death, serious injury, disability or illness which renders the Eligible Person incapable of continuing their employment or engagement (or providing the services the subject of the engagement) with the Company or Associated Body Corporate;
- (b) forced early retirement, retrenchment or redundancy; or
- (c) such other circumstances which results in an Eligible Person leaving the employment of or ceasing their engagement with the Company or Associated Body Corporate and which the Board determines is an Uncontrollable Event.

Explanatory Memorandum

Schedule 2 - Summary of the Director Option Terms

A summary of the material terms of the Director Options is set out below:

1. The Director Options shall be issued in accordance with the ESOP.
2. The Director Options are intended to be issued as soon as possible following the Meeting (**Issue Date**), but in any event, no later than three (3) years after the date of the Meeting.
3. The Director Options shall be issued for no cash consideration.
4. The Director Options will vest as follows:

Directors name	Tranche 1 Vesting Date	Tranche 2 Vesting Date	Tranche 3 Vesting Date
Peter Ledwidge	666,667 Director Options on the first anniversary of the Issue Date	666,666 Director Options on the second anniversary of the Issue Date	666,666 Director Options on the date which is 6 months after the second anniversary of the Issue Date
Michele Muscillo	500,000 Director Options on the first anniversary of the Issue Date	500,000 Director Options on the second anniversary of the Issue Date	500,000 Director Options on the date which is 6 months after the second anniversary of the Issue Date
Steven Zaninovich	333,334 Director Options on the first anniversary of the Issue Date	333,333 Director Options on the second anniversary of the Issue Date	333,333 Director Options on the date which is 6 months after the second anniversary of the Issue Date

5. A Change of Control Event occurs where:
 - (a) an offer is made for the issued share capital of the Company pursuant to a takeover bid under Chapter 6 of the Corporations Act and is, or is declared, unconditional; or
 - (b) the Court sanctions under Part 5.1 of the Corporations Act a compromise or arrangement relating to the Company or a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
 - (c) any other merger, consolidation or amalgamation involving the Company occurs which results in the holders of the issued share capital of the Company immediately prior to the merger, consolidation or amalgamation being entitled to 50 per cent or less of the voting shares in the body corporate resulting from the merger, consolidation or amalgamation; or
 - (d) the Company enters into agreements to dispose of its main business undertaking or the principal assets (whether or not in the form of shares in the Company) of the Company to a person, or a number of persons, and those agreements become unconditional.

Explanatory Memorandum

6. If a Change of Control Event in relation to the Company occurs or is likely to occur (as determined by the Board):
 - (a) all unvested Director Options will automatically vest and become exercisable; and
 - (b) the Board may in its absolute discretion determine the manner in which any or all of the Director Options (including the Director Options which vest as a result of the occurrence or likely occurrence of the relevant Change of Control Event) will be dealt with.
7. If, as a result of a Change of Control Event, the Company has or will become a wholly owned subsidiary of another entity listed on an internationally recognised stock exchange, the Board may (but is not obliged to) determine that any or all of the vested but unexercised Director Options, be exchanged for options issued by the new head company with equivalent value (and so far as if legally practicable) and the same rights.
8. The exercise price of each Director Option is equal to a 50% premium on the VWAP of Shares calculated over 20 trading days immediately prior to the issue of the Director Option. (**Exercise Price**).
9. The Director Options will expire on 30 November 2023 (**Expiry Date**), unless earlier exercised.
10. The Options will not be transferable in whole or in part and may not be exercised by any other person (except, in the case of the Option holder's death, by his or her legal personal representative).
11. The Director Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with payment for the Exercise Price per Director Option to the Company at any time on or after the Issue Date of the Director Options and on or before the Expiry Date. Payment may be made as directed by the Company from time to time, which may include by cheque, electronic funds transfer or other methods.
12. The number of Director Options that may be exercised at one time must be not less than 250,000, unless the Director Option holder holds less than 250,000 Director Options in which case all Director Options must be exercised at one time.
13. Upon the valid exercise of the Director Options and payment of the Exercise Price, the Company will issue one fully paid ordinary Share for each Director Option exercised ranking pari passu with the then issued Shares.
14. Director Option holders do not have any right to participate in new issues of securities in the Company made to Shareholders generally. The Company will, where required pursuant to the Listing Rules, provide Director Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Options, in accordance with the requirements of the Listing Rules.
15. Director Option holders do not participate in any dividends unless the Director Options are exercised and the resultant shares of the Company are issued prior to the record date to determine entitlements to the dividend.
16. In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (a) the number of Director Options, the Exercise Price of the Director Options or both will be reorganised (as appropriate) in a manner consistent with the Listing Rules as applicable at the time of reorganisation, but with the intention that such reorganisation will not result in any benefits being conferred on the holders of the Director Options which are not conferred on shareholders; and

Explanatory Memorandum

- (b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reorganisation of capital, in all other respects the terms for the exercise of the Director Options will remain unchanged.

17. If there is a pro rata issue (except a bonus issue), the Exercise Price of an Option may be reduced according to the following formula:

$$O_n = \frac{O - E [P - (S + D)]}{N + 1}$$

Where:

- O_n = the new exercise price of the Director Option;
- O = the old exercise price of the Director Option;
- E = the number of underlying securities into which one Director Option is exercisable;
- P = the volume weighted average market price per security of the underlying securities during the five trading days ending on the day before the ex-right date or the ex-entitlements date;
- S = the subscription price for a security under the pro rata issue;
- D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue); and
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.
18. If there is a bonus issue to the holders of shares in the Company, the number of shares over which the Director Option is exercisable may be increased by the number of shares which the Director Option holder would have received if the Director Option had been exercised before the record date for the bonus issue.
19. The terms of the Director Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change. However, unless all necessary waivers of the Listing Rules are obtained, the terms of the Director Options shall not be changed to reduce the Exercise Price, increase the number of Director Options or change any period for exercise of the Director Options.
20. The Company does not intend to apply for listing of the Director Options on the ASX.
21. The Company shall apply for listing of the resultant Shares of the Company issued upon exercise of any Director Options.

Proxy, representative and voting entitlement instructions

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a Shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under Section 250D of the *Corporations Act 2001* (Cth).

The proxy form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a corporation, in a manner permitted by the *Corporations Act*.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be **deposited at, posted to, or sent by facsimile transmission to the address listed below** not less than 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

Mako Gold Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

Facsimile No: +61 2 9287 0309

Telephone Phone: 1300 554 474

Alternative online voting can be accessed at: www.linkmarketservices.com.au. Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

A proxy form is attached to this Notice.

Voting entitlement

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm on 18 November 2020. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Signing instructions

You must sign the proxy form as follows in the spaces provided:

- | | |
|--------------------|--|
| Individual: | Where the holding is in one name, the holder must sign. |
| Joint Holding: | Where the holding is in more than one name, all of the security holders should sign. |
| Power of Attorney: | To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, 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 <i>Corporations Act 2001</i>) 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 indicate the office held by signing in the appropriate place

LODGE YOUR VOTE

-  **ONLINE**
www.linkmarketservices.com.au
-  **BY MAIL**
Mako Gold Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
-  **BY FAX**
+61 2 9287 0309
-  **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138
-  **ALL ENQUIRIES TO**
Telephone: 1300 554 474 Overseas: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Mako Gold Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box) **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

STEP 1

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **9:30am (Brisbane time) on Friday, 20 November 2020 at Mako Gold Limited, Suite 2, Level 17, 300 Adelaide Street, Brisbane QLD 4000** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 4, 5 & 6: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 4, 5 & 6, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an .

STEP 2

Resolutions	For	Against	Abstain*		For	Against	Abstain*
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Issue of Options to Mr Michele Muscillo under the ESOP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Steven Zaninovich as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Issue of Options to Mr Steven Zaninovich under the ESOP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr Michele Muscillo as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Approval to issue an additional 10% of the issued capital of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Issue of Options to Mr Peter Ledwidge under the ESOP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

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

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

STEP 3

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

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

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

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

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **9:30am (Brisbane time) on Wednesday, 18 November 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MAIL

Mako Gold Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**