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**DGR Global Limited**

ABN 67 052 354 837

Date of Meeting: 26 November 2015

Time of Meeting: 10.00am (Brisbane time)

Place of Meeting: Level 7, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000

Notice is given that the Annual General Meeting of shareholders of DGR Global Limited (**Company**) will be held at Level 7, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000, on 26 November 2015 at 10.00am (Brisbane time).

## Agenda

### ORDINARY BUSINESS

#### Financial Reports

To receive and consider the Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Income Statements, Balance Sheets, Statements of Changes in Equity, Cash Flow Statements and notes to and forming part of the accounts for the Company and its controlled entities for the financial year ended 30 June 2015.

#### Resolution 1 - Remuneration Report

To consider and, if thought fit, pass the following Advisory Resolution:

*"That, the Remuneration Report for the year ended 30 June 2015 (as set out in the Directors' Report) is adopted."*

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

#### VOTING RESTRICTION PURSUANT TO SECTION 250(R) OF THE CORPORATION ACT

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

A vote on 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; or
- a Closely Related Party of a KMP.

However, a vote **may** be cast on Resolution 1 by a KMP or a Closely Related Party of a KMP, if:

- the KMP or a Closely Related Party of a KMP does so as a proxy appointed in writing;
- 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 a KMP; 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 Chairman of the meeting and the appointment of the Chairman as proxy:
    - does not specify the way the proxy is to vote on the resolution; and
    - expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a KMP for the Company or, if the Company is part of a consolidated entity, for the entity.

Shareholders should be aware that any undirected proxies given to the Chairman will be cast by the Chairman and counted in favour of the resolutions the subject of this Meeting, including Resolution 1.

## Resolution 2 – Ratification of Share Issues to Tenstar Trading Ltd

To consider, and if thought fit, pass the following resolution as an Ordinary Resolution of the Company:

*“That in accordance with the provisions of Listing Rule 7.4, and for all other purposes, Shareholders ratify the previous issue by the Company of 2,083,409 Shares to Tenstar Trading Ltd (Interest Payable Shares) at an issue price of \$0.0288 on 2 April 2015 for interest payable on \$500,000 worth of Convertible Notes as detailed in Annexure A accompanying this Notice of Meeting.”*

### NOTES:

The rights attaching to the Interest Payable Shares are identical in all respects to the existing ordinary shares on issue in the Company.

Further details of the Interest Payable Shares are contained in the Explanatory Memorandum accompanying this Notice of Meeting.

### VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on this Resolution by:

- a person who participated in the issue; and
- an associate of a person who participated in the issue.

However, the Company need not disregard a vote if:

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

## Resolution 3 – Re-election of Vincent Mascolo as a Director

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

*“That Mr Vincent Mascolo, who retires by rotation in accordance with Article 40 of the Company’s Constitution and, being eligible, offers himself for re election, be re-elected as a Director.”*

## Resolution 4 - Grant of Options to Nicholas Mather

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

*“That in accordance with the provisions of Listing Rule 10.11 and Part 2E of the Corporations Act and for all other purposes, the Company be authorised to issue 9,000,000 options to subscribe for Shares exercisable at \$0.065 each and expiring on 25 November 2017 to Nicholas Mather, being the Managing Director of the Company, or his nominee and otherwise on terms set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

## Resolution 5 - Grant of Options to William Stubbs

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

*“That in accordance with the provisions of Listing Rule 10.11 and Part 2E of the Corporations Act and for all other purposes, the Company be authorised to issue 4,650,000 options to subscribe for Shares exercisable at \$0.065 each and expiring on 25 November 2017 to William Stubbs, being a Director of the Company, or his nominee and otherwise on terms set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

### Resolution 6 - Grant of Options to Brian Moller

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

*"That in accordance with the provisions of Listing Rule 10.11 and Part 2E of the Corporations Act and for all other purposes, the Company be authorised to issue 4,650,000 options to subscribe for Shares exercisable at \$0.065 each and expiring on 25 November 2017 to Brian Moller, being a Director of the Company, or his nominee and otherwise on terms set out in the Explanatory Memorandum accompanying this Notice of Meeting."*

### Resolution 7 - Grant of Options to Vincent Mascolo

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

*"That in accordance with the provisions of Listing Rule 10.11 and Part 2E of the Corporations Act and for all other purposes, the Company be authorised to issue 4,650,000 options to subscribe for Shares exercisable at \$0.065 each and expiring on 25 November 2017 to Vincent Mascolo, being a Director of the Company, or his nominee and otherwise on terms set out in the Explanatory Memorandum accompanying this Notice of Meeting."*

#### 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 Options is contained within the Explanatory Memorandum.

The total number of Options to be issued to Mr Mather, Mr Stubbs, Mr Moller and Mr Mascolo, or their respective nominees, is 22,950,000.

The Options are intended to be issued as soon as possible following the Meeting, but in any event, no later than one (1) month after the date of the Meeting.

The Options are being issued for nil consideration and no funds will be raised by the issue of the Options.

#### Voting Exclusion Statement

The Company will disregard any votes cast on:

- Resolution 4 by:
  - Mr Mather; and
  - any associate of Mr Mather;
- Resolution 5 by:
  - Mr Stubbs; and
  - any associate of Mr Stubbs;
- Resolution 6 by:
  - Mr Moller; and
  - any associate of Mr Moller;
- Resolution 7 by:
  - Mr Mascolo; and
  - any associate of Mr Mascolo.

However, the Company need not disregard a vote if, in relation to Resolution 4 – Resolution 7 (inclusive):

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

**Proxy Appointment Restriction:**

In accordance with section 250BD of the Corporations Act, the Company will disregard any votes cast on Resolutions 4 – Resolution 7 (inclusive) by a member of the KMP or their Closely Related Parties who has been appointed as a proxy unless:

- the appointed proxy votes for a person who is permitted to vote and in accordance with a direction on the proxy form (directed proxy); or
- the appointed proxy is the Chairman and the appointment of the Chairman as proxy:
  - does not specify the way the proxy is to vote on the resolution; and
  - expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

**Resolution 8 – Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A**

To consider and, if thought fit, pass the following Resolution, as a Special Resolution, of the Company:

*“That, pursuant to and in accordance with Listing Rule 7.1A, and for all other purposes, Shareholders approve the issue of Equity Securities of 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 described in the Explanatory Memorandum (**Placement Securities**).”*

**VOTING EXCLUSION STATEMENT FOR THIS SPECIAL RESOLUTION**

The Company will disregard any votes cast on this Special Resolution by a person and any associates of that person who:

- may participate in the issue of the Placement Securities; and
- might obtain a benefit, except a benefit solely in their capacity as a holder of Shares if the resolution is passed.

However, the Company need not disregard a vote if:

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

**IMPORTANT NOTE**

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 Rules 7.1 and 7.1A), for a person’s vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of 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.

**GENERAL BUSINESS**

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company. Specific comments relating to the Resolutions are set out in the Explanatory Memorandum.

By order of the Board

A handwritten signature in blue ink, appearing to read "K. Schlobohm".

Karl Schlobohm  
Company Secretary  
14 October 2015

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# Explanatory Memorandum

## 1. Introduction

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This Explanatory Memorandum is provided to shareholders of **DGR Global Limited (Company)** to explain the Resolutions to be put to Shareholders at the Annual General Meeting to be held at Level 7, Waterfront Place, 1 Eagle Street, Brisbane, Qld, 4000 on 26 November 2015 commencing at 10.00am (Brisbane time).

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.

## 2. Consider the Company's 2015 Annual Report

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The Corporations Act requires the financial report, the Directors' report and the auditor's report to be tabled at the Annual General Meeting. There is no requirement either in the Corporations Act or in the Constitution of the Company for Shareholders to approve the financial report, the Directors' report or the auditor's report. The Company's 2015 Annual Report is placed before the Shareholders for discussion. No voting is required for this item. Shareholders can obtain a copy of the Company's 2015 Annual Report by sending a request to [info@dgrglobal.com](mailto:info@dgrglobal.com) or by downloading a copy from the Company's website: [www.dgrglobal.com](http://www.dgrglobal.com)

## 3. Resolution 1 - Remuneration Report

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The Board has submitted its Remuneration Report (included in the 2015 Annual 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 2015 Annual Report. The Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive Directors and senior executives of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Director and the most highly remunerated senior executives of the Company; and
- details and explains any performance conditions applicable to the remuneration of executive Directors and senior executives of the Company.

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

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this resolution is advisory only and does not bind the Directors of the Company.

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

Members of the Key Management Personnel (**KMP**) and their proxies and Closely Related Parties are restricted from voting on a resolution (**Voting Restriction**) put to Shareholders that the remuneration report of the Company be adopted. Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The Voting Restriction does not apply where:

- (a) the Chairman or any other KMP is appointed in writing (by a Shareholder who is not a KMP or a Closely Related Party of a KMP) as a proxy with specific instructions on how to vote on a resolution to adopt the remuneration report of the Company; or
- (b) the Chairman is appointed in writing (by a Shareholder who is not a KMP or a Closely Related Party of a KMP) as a proxy with no specific instructions on how to vote on a resolution to adopt the remuneration report, where the Shareholder provides express authorisation for the Chairman to vote on the resolution.

**Shareholders should be aware that any undirected proxies given to the Chairman will be cast by the Chairman and counted in favour of the resolutions the subject of this Meeting, including this Resolution 1, subject to compliance with the Corporations Act.**

#### **4. Resolution 2 - Ratification of Shares Issued**

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##### **Background**

Pursuant to Resolution 2, the Company is seeking Shareholder approval to ratify the previous issue of 2,083,409 Shares (**Interest Payable Shares**) to Convertible Notes holder – Tenstar Trading Ltd.

##### **Listing Rule 7.4**

As noted above, in accordance with Listing Rule 7.4, the Company is seeking Shareholders to ratify the previous issue of the Interest Payable Shares, being issues of securities made by the Company during the previous 12 months for which Shareholder approval has not already been obtained.

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders.

The Company seeks Shareholder approval to ratify the previous issue of the Interest Payable Shares in accordance with Listing Rule 7.4 in order to refresh the Company's ability to issue up to 15% of its share capital (in a 12 month period) under Listing Rule 7.1.

Under Listing Rule 7.4, an issue of securities made without approval under Listing Rule 7.1 is treated as having been made with approval if the issue:

- did not breach Listing Rule 7.1 (i.e. the issue did not exceed the 15% limit under Listing Rule 7.1); and
- holders of the ordinary securities subsequently approve the issue.

##### **Terms of the Previous Issue of Shares**

For the purposes of Listing Rule 7.5 the Company advises as follows:

##### The number of securities issued – Listing Rule 7.5.1

On 2 April 2015, 2,083,409 ordinary shares were issued at \$0.0288 per share for the interest payable from 16 May 2014 to 20 April 2015 based on 80% of the applicable VWAP calculation for DGR shares. The allotment of shares was in consideration and satisfaction of the interest payable on the \$500,000 worth of Convertible Notes, which the Company issued on 16 November 2012. This was the final interest payment made, as the Convertible Notes were repaid in full on 20 April 2015.

##### The price at which the securities were issued – Listing Rule 7.5.2

The issue price was determined based on a calculation of 80% of the 5 day VWAP for DGR shares prior to the interest payment, as set out in Annexure A, which was \$0.0288 per share for the shares issued on 2 April 2015.

##### The terms of the securities – Listing Rule 7.5.3

The terms of the Convertible Notes were unsecured with 3 (three) years duration at an issue price of \$1.00 per Note. Prior to its repayment in full on 20 April 2015, the Notes are converted paid 12% per annum, payable quarterly in advance. Interest was paid in cash or shares at the election of the Noteholder (based on 80% of the 5 day VWAP per DGR share). The terms of the Convertible Notes were as set out in the Annexure A in the Explanatory Memorandum.

##### The names of the persons to whom the entity issued – Listing Rule 7.5.4

The holder of the unsecured Convertible Notes was Tenstar Trading Ltd, which is domiciled in Hong Kong.



#### The use of the funds raised – Listing Rule 7.5.5

The allotment of shares is paid for the interest due on the Convertible Notes, substituting (at the election of the noteholder) for a cash payment.

#### A voting exclusion statement – Listing Rule 7.5.6

A Voting Exclusion Statement in relation to this Resolution 2 is set out above.

### **5. Resolution 3 – Re-election of Mr Vincent Mascolo as a Director**

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Mr Vince Mascolo retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election as a Non-Executive Director. Mr Mascolo has served on the DGR Global Board since 30 September 2002.

Mr Mascolo is a qualified mining engineer with extensive experience in a variety of fields, including gold and coal mining, quarrying, civil-works, bridge-works, water and sewage treatment and estimating.

Mr Mascolo has completed numerous assignments in the Civil and Construction Industry, including construction and project management, engineering, quality control and environment and safety management. He is also a member of both the Australian Institute of Mining and Metallurgy and the Institute of Engineers of Australia.

Mr Mascolo serves as Managing Director of London Stock Exchange listed (AIM) IronRidge Resources Ltd.

The Directors (with Mr Mascolo abstaining) recommend that you vote in favour of this Resolution.

### **6. Resolutions 4, 5, 6 and 7 – Issue of Options to Directors**

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#### **6.1 Introduction**

The Directors have resolved to refer to members for approval the proposed grant of 9,000,000 Options to Mr Mather, and 4,650,000 Options to each of Messrs Stubbs, Moller and Mascolo, (or their respective nominees) each a Director of the Company, (each a **Recipient**) exercisable at \$0.065 each and expiring on the 25 November 2017 (**the Director Options**). The Director Options will vest immediately on issue (**Vesting Date**) and be exercisable on or before 25 November 2017.

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

Approval for the issue of the Director Options is sought in accordance with the provisions of Listing Rule 10.11 and Part 2E of the Corporations Act. As approval is being sought under Listing Rule 10.11, approval will not be required under Listing Rule 7.1. In order for the Director Options to be granted to a Director, the requirements of Chapter 2E of the Corporations Act need to be observed.

#### **6.2 Options Terms**

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

- The securities to be issued to each Director are options to subscribe for fully paid Shares.
- The Director Options are to be issued for no consideration.
- The exercise price of each Director Option is \$0.065 (**Exercise Price**).
- The Director Options will vest on the date of issue.
- The Director Options will expire on 25 November 2017 (**Expiry Date**).
- Shares issued on exercise of the Director Options will rank equally with all existing Shares from the date of issue.
- The Director Options, once vested, may be exercised wholly or in part by notice in writing to the Company received at any time on or before the Expiry Date together with a cheque for the Exercise Price of the

Director Option multiplied by the number of Shares in respect of which Director Options are being exercised.

- The Director Options shall be unlisted but shall be transferable.
- Upon allotment of Shares pursuant to the exercise of Director Options, the Company shall use its best endeavours to have such Shares quoted and listed on the Official List of the ASX.
- 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 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 Director Options, in accordance with the requirements of the Listing Rules.
- Option holders do not participate in dividends or in bonus issues unless the Options are exercised and the resultant shares of the Company are issued prior to the record date to determine entitlements to the dividend or bonus issue.
- In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
  - the number of Options, the exercise price, or both will be reconstructed (as appropriate) in a manner consistent with the Listing Rules, but with the intention that such reconstruction will not result in any benefits being conferred on the Option holder which are not conferred on Shareholders; and
  - subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders of the Company approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged.
- If there is a bonus issue to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Option holder would have received if the Options had been exercised before the record date for the bonus issue.
- If, during the life of any Option, there is a pro rata issue (except a bonus issue), the Exercise Price of an Option may be reduced according to the following formula:

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

where

$O^1$  = the new exercise price of the Option

$O$  = the old exercise price of the Option

$E$  = the number of underlying securities into which one Option is exercisable

$P$  = the average market price per security (weighted by reference to volume) of the underlying securities during the five (5) 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

$D$  = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro-rata issue)

$N$  = the number of securities with rights or entitlements that must be held to receive a right to one new security

- The terms of the Director Options shall only be changed if holders (whose votes are not to be disregarded) of Shares approve of such a change. However, 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.

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## 6.3 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 a public company unless the benefit falls within one of various exceptions to the general prohibition. One of the exceptions includes where the company first obtains the approval of its shareholders in general meeting in circumstances where the requirements of Chapter 2E in relation to the convening of that meeting have been met. A “related party” for the purposes of the Corporations Act is defined widely and includes a director 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 7, if passed, will confer financial benefits to the Recipients and the Company seeks to obtain member approval in accordance with the requirements of Chapter 2E of the Corporations Act and for this reason, and for all other purposes, the following information is provided to Shareholders.

#### (a) The related parties to whom Resolutions 4, 5, 6 and 7 would permit the financial benefit to be given

Each of Mr Mather, Mr Stubbs, Mr Moller and Mr Mascolo (or their respective nominees), being directors of the Company.

#### (b) The nature of the financial benefit

The nature of the proposed financial benefit to be given is:

- the grant of 9,000,000 Director Options to Mr Mather as referred to in Resolution 4;
- the grant of 4,650,000 Director Options to Mr Stubbs as referred to in Resolution 5;
- the grant of 4,650,000 Director Options to Mr Moller as referred to in Resolution 6;
- the grant of 4,650,000 Director Options to Mr Mascolo as referred to in Resolution 7;
- the Director Options shall be issued for no cash consideration; and
- the Director Options shall be exercisable into fully paid Shares at an exercise price of \$0.065 each expiring on or before 25 November 2017.

#### (c) Directors' Recommendation

With respect to Resolution 4, Mr Stubbs, Mr Moller and Mr Mascolo recommend that Shareholders vote in favour of this Resolution. The reasons for their recommendation include:

- (i) the grant of the Director Options as proposed to Mr Mather will provide him with reward and incentive for future services he will provide to the Company to further the progress the Company;
- (ii) the Director Options are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (iii) in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, Mr Stubbs, Mr Moller and Mr Mascolo considered that the incentive provided a cost-effective and efficient incentive as opposed to alternative forms of incentives (eg cash bonuses, increased remuneration). 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 to a third party.

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

With respect to Resolution 5, Mr Mather, Mr Moller and Mr Mascolo recommend that Shareholders vote in favour of this Resolution. The reasons for their recommendation include:

- (i) the grant of the Director Options as proposed to Mr Stubbs will provide him with reward and incentive for future services he will provide to the Company to further the progress the Company;
- (ii) the Director Options are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (iii) in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, Mr Mather, Mr Moller and Mr Mascolo considered that the incentive provided a cost-effective and efficient incentive as opposed to alternative forms of incentives (eg cash bonuses, increased remuneration). 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 to a third party.

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

With respect to Resolution 6, Mr Mather, Mr Stubbs and Mr Mascolo recommend that Shareholders vote in favour of this Resolution. The reasons for their recommendation include:

- (i) the grant of the Director Options as proposed to Mr Moller will provide him with reward and incentive for future services he will provide to the Company to further the progress the Company;
- (ii) the Director Options are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (iii) in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, Mr Mather, Mr Stubbs and Mr Mascolo considered that the incentive provided a cost-effective and efficient incentive as opposed to alternative forms of incentives (eg cash bonuses, increased remuneration). 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 to a third party.

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

With respect to Resolution 7, Mr Mather, Mr Stubbs and Mr Moller recommend that Shareholders vote in favour of this Resolution. The reasons for their recommendation include:

- (i) the grant of the Director Options as proposed to Mr Mascolo will provide him with reward and incentive for future services he will provide to the Company to further the progress the Company;
- (ii) the Director Options are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (iii) in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, Mr Mather, Mr Stubbs and Mr Moller considered that the incentive provided a cost-effective and efficient incentive as opposed to alternative forms of incentives (eg cash bonuses, increased remuneration). 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 to a third party.

As Mr Mascolo is interested in the outcome of Resolution 7, he accordingly makes no recommendation to Shareholders in respect of this Resolution.

#### **(d) Directors' Interest and other remuneration**

##### **Mr Mather**

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

Excluding the Director Options, Mr Mather (and entities associated with him) holds 58,605,599 Shares in the Company and 4,750,000 options to subscribe for Shares in the Company, exercisable at \$0.12 on or before 30 November 2016. Please refer to the table below which indicates the holdings of Mr Mather (and entities associated with him).

Other than the Director Options to be issued to Mr Mather pursuant to Resolution 4, Mr Mather shall receive director's remuneration of \$250,000 per annum (total cost to the Company) from the Company for his services as an Executive Director.

##### **Mr Stubbs**

Mr Stubbs has a material personal interest in the outcome of Resolution 7, as it is proposed that Director Options be granted to him (or his nominee) as set out in Resolution 7.

Excluding the Director Options, Mr Stubbs (and entities associated with him) holds 1,422,466 Shares in the Company and 2,625,000 options to subscribe for Shares in the Company exercisable at \$0.12 on or before 30 November 2016. Please refer to the table below which indicates the holdings of Mr Stubbs (and entities associated with him).

Other than the Director Options to be issued to Mr Stubbs pursuant to Resolution 7, Mr Stubbs shall receive director's remuneration of \$70,000 per annum (total cost to the Company) from the Company for his services as Non-Executive Chairman.

##### **Mr Moller**

Mr Moller has a material personal interest in the outcome of Resolution 8, as it is proposed that Director Options be granted to him (or his nominee) as set out in Resolution 8.

Excluding the Director Options, Mr Moller (and entities associated with him) holds 1,883,694 Shares in the Company, and 2,625,000 options to subscribe for Shares in the Company, exercisable at \$0.12 on or before 30 November 2016. Please refer to the table below which indicates the holdings of Mr Moller (and entities associated with him).

Other than the Director Options to be issued to Mr Moller pursuant to Resolution 8, Mr Moller shall receive director's remuneration of \$50,000 per annum (total cost to the Company) from the Company for his services as an Non-Executive Director.

##### **Mr Mascolo**

Mr Mascolo has a material personal interest in the outcome of Resolution 9, as it is proposed that Director Options be granted to him (or his nominee) as set out in Resolution 9.

Excluding the Director Options, Mr Mascolo (and entities associated with him) holds 4,000,000 Shares in the Company, and 2,000,000 options to subscribe for Shares in the Company, exercisable at \$0.12 on or before 30 November 2016. Please refer to the table below which indicates the holdings of Mr Mascolo (and entities associated with him).

Other than the Director Options to be issued to Mr Mascolo pursuant to Resolution 9, Mr Mascolo shall receive director's remuneration of \$50,000 per annum (total cost to the Company) from the Company for his services as an Non-Executive Director.

If all of the new Director Options granted are exercised by Mr Mather, Mr Stubbs, Mr Moller and Mr Mascolo, the following will be the effect on their holdings in the Company:

Director (including associated entities)	Current Share Holding	% of Total Share Capital *	Share Capital Upon Exercise	% of Total Share Capital*
Mr Mather	58,605,599	13.90%	62,605,599	14.30%
Mr Stubbs	1,422,466	0.34%	5,422,466	1.24%
Mr Moller	1,883,694	0.45%	5,883,694	1.34%
Mr Mascolo	4,000,000	0.95%	8,000,000	1.83%
All Other Holders	363,741,632	84.37%	355,741,632	81.28%
<b>Total</b>	<b>421,653,391</b>	<b>100.00%</b>	<b>437,653,391</b>	<b>100.00%</b>

\*Assuming that **none** of the following current unlisted options (**Unlisted Options**) on issue are exercised:

- 12,000,000 existing directors' options exercisable at \$0.12 each, expiring 30 November 2016;
- 9,500,000 employees options exercisable at \$0.12 each, expiring 29 May 2017;
- 4,400,000 employees options exercisable at \$0.065 each, expiring 14 April 2016;
- 1,000,000 employees options exercisable at \$0.065 each, expiring 10 July 2016;
- 23,000,000 employees options exercisable at \$0.065 each, expiring 30 September 2017.

#### (e) Valuation

The Director Options are not currently quoted on the ASX and as such have no 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 described above. 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:

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

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).

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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. The value of an option calculated by the Black-Scholes Model is a function of the relationship between a number of variables, being the price of the underlying Share at the time of issue, the exercise price, the time to expiry, the risk-free interest rate, the volatility of the Company's underlying Share price and expected dividends.

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:

- an exercise price of the options being \$0.065;
- a market price of Shares of \$0.04 being the closing price of Shares prior to the 7 October 2015 valuation, as a proxy for the market price at the future date of issue, being the date of the Annual General Meeting to approve the issue;
- the Director Options vesting on the date of issue, being 26 November 2015;
- the Expiry Date of 25 November 2017.
- a volatility measure of 77.65%;
- a risk-free interest rate of 2.00%; and
- a dividend yield of 7.14%.

Some relatively minor variables were included in the calculation to estimate the value of Director Option 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 of \$0.0088 each.

On that basis, the respective value of the Director Options to be issued pursuant to Resolutions 4, 5, 6 and 7 are as follows:

- Mr Mather – \$79,490
- Mr Stubbs – \$41,070
- Mr Moller – \$41,070
- Mr Mascolo – \$41,070

**(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**

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

**Market Price movements:**

The option valuation noted above is based on a market price of the Shares at the time of the valuation dated 7 October 2015 of \$0.04.

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 Annual General 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
\$0.050	\$0.0136
\$0.045	\$0.0111
\$0.040	\$0.0088
\$0.035	\$0.0068
\$0.030	\$0.0049

### Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Director Options to Mr Mather, Mr Stubbs, Mr Moller and Mr Mascolo, or their respective nominee, is the potentially diluted 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 upon their exercise the dilutionary impact caused by the issue of the Shares will be detrimental to the Company, this is more than offset by the advantages accruing from the Company securing the services of experienced and skilled directors on appropriate incentive terms. It is also considered that the potential increase of value in the Director Options is dependent upon a concomitant increase in the value of the Company generally.

### Trading History of the Shares

As at 7 October 2015, the closing price of Shares on ASX was \$0.04.

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

	Market Price 6 months prior to Notice of Meeting	Market Prices 12 months prior to Notice of Meeting
High	4.0 cents	4.7 cents
Low	2.9 cents	2.5 cents
VWAP	3.6 cents	3.8 cents

### 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.

### Dilutionary Effect

The dilutionary effect on the Company and its shareholders is summarized in the table on page 13 above.



### **Listing Rule 10.11**

Listing Rule 10.11 requires an entity to obtain the approval of shareholders to an issue of securities to a related party. Each of Mr Mather, Mr Stubbs, Mr Moller and Mr Mascolo, being a Director of the Company, is a related party. Accordingly, because the issue of the Director Options will result in the Company issuing securities to a related party, approval under Listing Rule 10.11 is required.

For the purposes of Listing Rule 10.13, the Company advises as follows:

- The maximum number of Director Options to be issued to Mr Mather, Mr Stubbs, Mr Moller and Mr Mascolo is 22,950,000 Director Options, being:
  - 9,000,000 Director Options to Mr Mather or his associate;
  - 4,650,000 Director Options to Mr Stubbs or his associate;
  - 4,650,000 Director Options to Mr Moller or his associate;
  - 4,650,000 Director Options to Mr Mascolo or his associate.
- The Director Options are intended to be granted as soon as possible following the meeting, but in any event, within one (1) month of the date of the Meeting.
- The Director Options are being issued for nil consideration.
- No funds are being raised by the grant of the Director Options, but up to \$1,040,000 would be raised in the future via their exercise. The money raised would be used for:
  - progress of the Company's ongoing business plan to list its project based subsidiary companies;
  - progress of the identification and initial exploration of new projects; and
  - payment of other corporate costs and to provide additional working capital.

In accordance with Listing Rule 7.2, as approval is being sought under Listing Rule 10.11, 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, 5, 6 and 7.

### Voting restrictions

There are restrictions on voting on Resolutions 4 - 7 (inclusive) by Directors and their associates and KMP and their Closely Related Parties, for additional details please refer to the Voting Exclusion Statement in relation to Resolutions 4 – 7 (inclusive) of the Notice of Meeting.

Shareholders should be aware that any undirected proxies given to the Chairman will be cast by the Chairman and counted in favour of the Resolutions the subject of this Meeting, including Resolutions 4 – 7 (inclusive), subject to compliance with the Corporations Act.

## SPECIAL BUSINESS

### **6. Resolution 8 - Approval to Issue an Additional 10% of the Issued Capital of the Company Over a 12 Month Period Pursuant to Listing Rule 7.1A**

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#### **Introduction**

Pursuant to Resolution 8, the Company is seeking Shareholder approval to issue an additional 10% of its issued capital over a 12 month period pursuant to Listing Rule 7.1A. 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**) each at an issue price of at least 75% of the volume weighted average price (**VWAP**) for the Company's Equity Securities in that class (calculated over the last 15 days on which trades in the Equity Securities are recorded immediately before the date on which the price at which the Placement Securities are to be issued is agreed, or if the Placement Securities are not issued within five trading days of that date, the date on which the Placement Securities are issued) (**Issue Price**).

This approval is sought pursuant to Listing Rule 7.1A, under which small and mid cap listed entities that meet the eligibility threshold and have obtained the approval of their ordinary shareholders by Special Resolution at the Annual General Meeting, are permitted to issue an additional 10% of issued capital over a 12 month period from the date of the Annual General Meeting (**Additional 10% Placement**). The Additional 10% Placement under Listing Rule 7.1A 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 and as non-cash consideration (further details of which are set out below).

Funds raised from the issue of Placement Securities, if undertaken, would be applied towards the acquisition of new assets or investments (including expenses associated with such acquisitions), continued exploration and feasibility study expenditure on the Company's current assets and general working capital.

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

#### **Listing Rule 7.1A**

##### Eligibility

An entity is eligible to undertake an Additional 10% Placement 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.

For illustrative purposes only, on 7 October 2015, the Company's market capitalisation was approximately \$17 million based on the closing share price on that date. The calculation of market capitalisation will be based on the Closing Price of the Shares, on the last Trading Day on which trades in the Shares were recorded before the date of the Annual General Meeting, multiplied by the number of Shares on issue (excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is also not included in the S&P/ASX300 Index as at the time of this Annual General Meeting, however, it should be noted that the S&P/ASX300 Index is rebalanced twice a year in March and September.

The Company is therefore an Eligible Entity and able to undertake an Additional 10% Placement 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 Shareholder approval pursuant to this Resolution, the approval obtained will not lapse and the Company will still be entitled to issue the Placement Securities during the 12 month period following this AGM.

### Special Resolution

Listing Rule 7.1A requires this Resolution to be passed as a Special Resolution, which means that it must be passed by at least 75% of the votes cast by members entitled to vote on the Resolution. Pursuant to Listing Rule 7.1A, no Placement Securities will be issued until and unless this Special Resolution is passed at the Meeting.

### 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.

### **10% Placement Period -Listing Rules 7.1A.1**

Assuming Resolution 8 is passed, Shareholder approval of the Additional 10% Placement under Listing Rule 7.1A is valid from the date of the AGM and expires on the earlier to occur of:

- the date that is 12 months after the date of the AGM; or
- the 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 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 28 November 2015 unless Shareholder approval is granted pursuant to Listing Rules 11.1.2 or 11.2 prior to that date.

### **Formula for calculating 10% Placement Facility - Listing Rule 7.1A.2**

Listing Rule 7.1A2 provides that eligible entities which have obtained shareholder approval at an AGM may issue or agree to issue, during the 12 month period after the date of the AGM, a number of Equity Securities calculated in accordance with the following formula:

#### **(A x D) – E**

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

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

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

**D** is 10%

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

### **Listing Rule 7.1A.3**

#### Equity Securities

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

At the date of this Notice of Meeting, the Company has on issue 421,653,391 Shares. The Company will have the capacity to issue the below Equity Securities immediately following the Meeting:

- subject to Shareholder approval being obtained under Resolution 2, 63,248,008 Equity Securities under Listing Rule 7.1; and
- subject to Shareholder approval being obtained under Resolution 8, a further 42,165,339 Placement Securities under Listing Rule 7.1A.

The actual number of Placement 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 Placement Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as described above).

### **Information to be given to ASX – Listing Rule 7.1A.4**

If Resolution 8 is passed and the Company issues any Placement Securities under Listing Rule 7.1A, the Company will give to ASX:

1. a list of allottees of the Placement Securities and the number of Placement Securities allotted to each placee (this list will not be released to the market); and
2. the following information required by rule ASX Listing Rule 3.10.5A, which will be released to the market on the date of issue:
  - details of the dilution to the existing holders of Ordinary Securities caused by the issue;
  - where the Equity Securities are issued for cash consideration, a statement of the reasons why the Company issued the Equity Securities as a placement under rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing Shareholders would have been eligible to participate;
  - details of any underwriting arrangements, including any fees payable to the underwriter; and
  - any other fees or costs incurred in connection with the issue.

### **Listing Rule 7.1 and 7.1A**

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

As at the date of this Notice, the Company will have the capacity to issue the below Equity Securities immediately following the Meeting:

- subject to Shareholder approval being obtained under Resolution 2, 63,248,008 Equity Securities under Listing Rule 7.1; and
- subject to Shareholder approval being obtained under Resolution 8, a further 42,165,339 Placement Securities under Listing Rule 7.1A.

The actual number of Placement 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 Placement Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as described above).

### Specific Information required by Listing Rule 7.3A

#### 1. Minimum Price of securities issued under Listing Rule 7.1A – Listing Rule 7.3A.1

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

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

#### 2. Risk of Economic and Voting Dilution - Listing Rule 7.3A.2

As provided by Listing Rule 7.3A.2, if this Resolution 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 421,653,391 shares. Subject to the passing of Resolutions 8 of this meeting, the Company could issue pursuant to Listing Rule 7.1A will be 42,165,339 Shares (however, it is important to note that the exact number of Placement 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:

- 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
- 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.2, 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:

- decreased by 50%; and
- increased by 100%.

**Table 1**

Issued Share Capital	50% decrease in Market Price \$0.02		Current Market Price \$0.04		100% increase in Market Price \$0.08	
	10% Voting Dilution	Capital Raised	10% Voting Dilution	Capital Raised	10% Voting Dilution	Capital Raised
<b>Present Issued Share Capital = 421,653,391 Shares</b>	42,165,339	\$843,307	42,165,339	\$1,686,614	42,165,339	\$3,373,227
<b>50% Increase in Share Capital = 632,480,087 Shares</b>	63,248,009	\$1,264,960	63,248,009	\$2,529,920	63,248,009	\$5,059,841
<b>100% Increase in Share Capital = 843,306,782 Shares</b>	84,330,678	\$1,686,614	84,330,678	\$3,373,227	84,330,678	\$6,746,454

**Assumptions and Explanations**

- The Market Price is \$0.04, based on the closing price of the Shares on ASX on 7 October 2015.
- 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% capacity under Listing Rule 7.1.
- The above table includes the Shares previously issued and to be ratified under Resolution 2.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue. It shows the number of shares that the Company's share capital will increase by.
- The Company issues the maximum number of Placement Securities.
- The issued Share capital has been calculated in accordance with the formula in Listing Rule 7.1A (2) as at 7 October 2015.
- 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).
- Variable A is the issued capital of the Company.
- The table above does not show the potential dilutionary effect to a particular shareholder.

**3. Final Date for Issue - Listing Rule 7.3A.3**

As required by Listing Rule 7.3A.3, the Company will only issue and allot the Placement Securities during the 12 months after the date of this Meeting which the Company anticipates will end on 26 November 2016. The approval under this Resolution 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) before the anniversary of the Annual General Meeting.

**4. Purpose - Listing Rule 7.3A.4**

As noted above, the purpose for which the Placement Securities may be issued include to raise funds for the Company and as non-cash consideration (further details of which are set out below). Funds raised from the issue of Placement Securities, if undertaken, would be applied towards the acquisition of new assets or investments (including expenses associated with such acquisitions), continued exploration and feasibility study expenditure on the Company's current assets and general working capital.

5. Shares Issued for Non-Cash Consideration - Listing Rule 7.3A.4

The Company may issue Placement Securities for non-cash consideration, such as the acquisition of new assets or investments. If the Company issues Placement Securities for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the Placement Securities complies with Listing Rule 7.1A.3.

6. 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 but may include existing substantial Shareholders and new Shareholders who are not related parties or associates of a related party of the Company.

Furthermore, 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.

7. Details of all equity securities issued where shareholder approval under listing rule 7.1A previously obtained – Listing Rule 7.3A.6

The Company has not previously obtained Shareholder approval under Listing Rule 7.1A at a previous Annual General Meeting.

**GENERAL BUSINESS**

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company. Specific comments relating to the Resolutions are set out in the Explanatory Memorandum.

By Order of the Board



Karl Schlobohm  
Company Secretary  
14 October 2015

## Interpretation

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

**ASX** means the ASX Limited ACN 008 624 691;

**Board** means the board of Directors of the Company;

**Company** means DGR Global Limited ACN 052 354 837;

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

**Convertible Notes** means the \$500,000 worth of Convertible Notes issued to Tenstar Trading Ltd on 16 November 2012, and repaid in full on 20 April 2015;

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

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

**Interest Payable Shares** means the issue of 2,083,409 Ordinary Shares to Convertible Note holder – Tenstar Trading Ltd.

**Listing Rules** means the official listing rules of the ASX;

**Meeting and Annual General Meeting** means the annual general meeting to be held on 26 November 2015;

**Notice of Meeting** means this Notice of Meeting convening the Meeting and the Explanatory Memorandum;

**Option** means an option to subscribe for a Share on the terms set out in the Explanatory Memorandum;

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

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

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

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Karl Schlobohm (Company Secretary):

### DGR Global Limited

**Street address:** Level 27, 111 Eagle Street, Brisbane QLD 4000

**Postal address:** GPO Box 5261, Brisbane QLD 4001

**Ph:** (07) 3303 0680 **Fax:** (07) 3303 0681

**Email:** [kschlobohm@dgrglobal.com](mailto:kschlobohm@dgrglobal.com)



**ANNEXURE A**

**DGR Global Limited - Appendix 3B (19 November 2012)**

**Term Sheet for Convertible Notes**

AREA	DETAIL
Issuer	DGR Global Limited
Issue Price	\$1.00 per Note
Security	Unsecured
Term	3 years
Interest	Until the notes are converted into shares or redeemed, the Notes will pay 12% per annum payable quarterly in advance. Interest to be paid in cash or shares at the election of the Noteholder (based on 80% of the 5 day VWAP a DGR share).
Conversion Rights	<p>The Notes may <b>NOT</b> be converted in the first 12 months from issue, unless due to a Change of Control event. However, in the circumstances of a Change of Control event and the notes are redeemed in Year 1, the Company will pay the Noteholder an early redemption penalty being 120 per cent of the face value of the Notes.</p> <p>Subsequently, the Notes may be converted into DGR shares or into a basket of shares in listed unencumbered entities held by the Company (calculated based on the proportional value of the basket of shares held by DGR), at the Noteholder's election, at the Maturity Date, or on the Directors accepting a Change of Control proposal for the Company. If the Noteholder elects to convert into a basket of shares, the proportional value of the basket will be determined by the 5 day VWAP of the listed unencumbered shares.</p>
Conversion Price	<p>The higher of \$0.12 or 80% of the last published net tangible asset value of DGR's investment.</p> <p>The conversion of the Notes to be done in tranches of \$10,000.</p>
Redemption	If the Notes are not redeemed or converted prior to maturity (i.e. term) the Notes must be redeemed by the Company at an equivalent issue price (i.e. face value).
Early Redemption Rights	The Company may exercise an early redemption right in Year 2 or Year 3 by providing the Noteholder 15 days written notice. If the Note is redeemed within the second year of its term, the Company will pay the Noteholder an early redemption penalty being 110 per cent of the face value of the Notes. If the Note is redeemed with the third year of its term, the Company will pay the Noteholder an early redemption penalty being 105 per cent of the face value of the Notes.
Transferability	The Notes are transferable
Rights	The Notes shall carry the right to attend but <b>NOT</b> vote at any general meeting. The Notes do not carry any entitlement to participate in future issues of shares by the Company prior to any conversion or redemption of the Notes.
Approval	The Notes will be subject to all regulatory approval.

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## Notes

### Proxies and Representatives

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)* (**Corporations Act**).

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.

#### DGR Global Limited

**Street address:** Level 27, 111 Eagle Street, Brisbane QLD 4000

**Postal address:** GPO Box 5261, Brisbane QLD 4001

**Ph:** (07) 3303 0680 **Fax:** (07) 3303 0681

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.

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 24 November 2015 (Sydney time). 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 *Corporations Act*) 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.

# Proxy Form

## APPOINTMENT OF PROXY

I/We being shareholder(s) of DGR Global Limited (Company) hereby appoint:

the Chairman of the Meeting **OR**  
(mark with an "X")

Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of DGR Global Limited to be held at Level 7, Waterfront Place, 1 Eagle Street Brisbane, Qld on 26 November 2015 at 10.00am (Brisbane time) and at any adjournment of that meeting.

If the Chair of the meeting is appointed as your proxy, or may be appointed by default, and you do NOT wish to direct your proxy how to vote as your proxy in respect of the resolution/s, please place a mark in the box opposite.

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of any resolution (**Relevant Resolution**) and that votes cast by the Chair of the meeting for the Relevant Resolution other than as proxy holder will be disregarded because of that interest.

If the Chair of the meeting is your proxy and you do not mark this box or direct the Chair of the meeting how to vote above, the Chair of the meeting will not cast your votes on the Relevant Resolution and your votes will not be counted in calculating the required majority if a poll is called on the Relevant Resolution.

The Chairman of the meeting intends to vote undirected proxies in favour of the resolutions including the Relevant Resolution.

If no directions are given, the Proxy may vote as the Proxy thinks fit or may abstain. By signing this appointment you acknowledge that the Proxy (whether voting in accordance with your directions or voting in their discretion under an undirected Proxy) may exercise your proxy even if he/s he has an interest in the outcome of the resolution and even if votes cast by him/her other than as proxy holder will be disregarded because of that interest. If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is .....%. (An additional proxy form will be supplied by the Company on request). If you wish to appoint the proxy to exercise voting power over only some of your shares, the number of shares in respect of which this proxy is to operate is ..... shares (Note: proxy will be over all shares if left blank).

I/we direct my/our proxy to vote as indicated below:

Resolutions	For	Against	Abstain
1. Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Ratification of Shares Issued to Tenstar Trading Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Vincent Mascolo as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Grant of Director Options to Nicholas Mather	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Grant of Director Options to William Stubbs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Grant of Director Options to Brian Moller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Grant of Director Options to Vincent Mascolo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Approval to issue additional 10% of issued share capital pursuant to Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Individual or Security holder 1

Sole Director and Secretary

Security holder 2

Director

Security holder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

For personal use only

## How to Complete this Proxy Form

### 1 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.**

### 2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in section A. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in section A. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

### 3 Votes on Items of Business

You should 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, except in relation to Resolution 1 where you have appointed a member of the Key Management Personnel of the Company (other than the Chairman) or their closely related parties as your proxy, in which case there are additional restrictions explained below. If you mark more than one box on an item your vote on that item will be invalid.

### 4 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 or you may copy this form.

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.
- (b) Return both forms together.

### 5 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 security holder may sign.
- Power of Attorney:** To sign under Power of Attorney, you must have already lodged 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.

### 6 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below by 10.00 am on 24 November 2015, 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.

#### DGR Global Limited

**Street address:** Level 27, 111 Eagle Street, Brisbane QLD 4000

**Postal address:** GPO Box 5261, Brisbane QLD 4001

**Ph:** (07) 3303 0680 **Fax:** (07) 3303 0681 **Email:** [kschlobohm@dgrglobal.com](mailto:kschlobohm@dgrglobal.com)