



ABN 61 154 262 978

NOTICE OF ANNUAL GENERAL MEETING

&

EXPLANATORY STATEMENT

To be held

At 10.00am, Monday, 26 November 2018

at

Pagoda Resort and Spa,
112 Melville Parade, Como, Western Australia



DACIAN GOLD LIMITED
ABN 61 154 262 978

NOTICE OF ANNUAL GENERAL MEETING

15 October 2018

Dear Fellow Dacian Gold Shareholder

Please find enclosed the Notice of Annual General Meeting for the Shareholders' Meeting to be held at Pagoda Resort and Spa, 112 Melville Parade, Como, Western Australia at 10.00am on Monday, 26 November 2018.

The purpose of the meeting is to conduct the annual business of the Company, being consideration of the annual financial statements, the remuneration report and in addition, seek shareholder approval in accordance with the Corporations Act 2001 and the Listing Rules of the ASX to a number of resolutions, which are set out in the attached Notice of Meeting paper.

Your Directors seek your support and look forward to your attendance at the meeting.

Yours faithfully

Rohan Williams
Executive Chairman



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Dacian Gold Limited will be convened at 10.00am on Monday, 26 November 2018 at Pagoda Resort and Spa, 112 Melville Parade, Como, Western Australia.

AGENDA

1. Discussion of Financial Statements and Reports

To discuss the Financial Report, the Directors' Report and Auditor's Report for the year ended 30 June 2018.

2. Adoption of the Remuneration Report

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

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2018."

Voting Prohibition Statement

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any Key Management Personnel (which includes the Directors of the Company), details of whose remuneration are included in the Remuneration Report, or any closely related party of that person (or those persons).

However, a person described above may vote on this Resolution if the person does so as a proxy appointed by writing, that specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a member of the Key Management Personnel or any closely related party of that person (or persons).

3. Re-Election of Director – Mr Ian Cochrane

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

"That, Mr Ian Cochrane who retires in accordance with the requirements of ASX Listing Rule 14.4 and section 4.3(c) of the Company's Constitution and being eligible, offers himself for re-election, be re-elected as a Director of the Company."

4. Ratification of Prior Issue of Equity Securities – Placement Shares

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

"That, for the purpose of ASX Listing Rule 7.4, and for all other purposes, Shareholders ratify the allotment and issue of 16,047,334 Placement Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by any person that participated in the share placement and any person associated with those persons. The Company will not disregard any votes cast in favour of this Resolution by any person that participated in the share purchase plan.

However, votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides) will be taken into account.

5. Adoption of Dacian Gold Limited Employee Option Plan

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

"That, being three years since the Company's Employee Option Plan was last approved by Shareholders, approval is given for the grant of options (and the issue of Shares on conversion of those Options) and to the terms of the Employee Option Plan (including any termination benefits which may be given under the Employee Incentive Plan) as set out in the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this resolution by any Director of the Company, other than any Directors who are ineligible to participate in any scheme or plan in relation to the Company, and any associates of those Directors.

However, votes cast by a person described above, or by a member of the Company's key management personnel and their closely related parties, as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form), or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides), will be taken into account.



NOTICE OF ANNUAL GENERAL MEETING

AGENDA (Continued)

6. Appointment of KPMG as Auditors of the Company

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

"That, for the purposes of section 327B of the Corporations Act and for all other purposes, KPMG, having been nominated by a Shareholder and having consented in writing to act in the capacity of auditor, be appointed as auditor of the Company with effect from the close of the Meeting."

GENERAL NOTES

1. With respect to Agenda Item 2, the vote on this item is advisory only and does not bind the Directors of the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

The Chairman of the meeting intends to vote undirected proxies, that are able to be voted, in favour of the adoption of the remuneration report.

2. **Voting by Proxy**

Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and

- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on any required poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.



DACIAN GOLD LIMITED

ABN 61 154 262 978

NOTICE OF ANNUAL GENERAL MEETING

GENERAL NOTES (Continued)

3. The Explanatory Statement to Shareholders attached to this Notice of Annual General Meeting is hereby incorporated into and forms part of this Notice of Annual General Meeting.
4. The Directors have determined in accordance with Regulation 7.11.37 of the Corporations Regulations that, for the purposes of voting at the meeting, shares will be taken to be held by the registered holders at 5.00pm on 24 November 2018.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Kevin R Hart', written over a horizontal line.

Kevin R Hart
Company Secretary

Dated this 15th day of October 2018



EXPLANATORY STATEMENT

The purpose of the Explanatory Statement is to provide shareholders with information concerning all of the Agenda items in the Notice of Annual General Meeting.

1. Discussion of Financial Statements & Reports

Dacian Gold Limited's financial reports and the Directors' declaration and reports and the auditor's report are placed before the meeting thereby giving shareholders the opportunity to discuss those documents and to ask questions. The audit engagement partner will be attending the Annual General Meeting and will be available to answer any questions relevant to the conduct of the audit and their report.

2. Adoption of Remuneration Report

as an Ordinary Resolution

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

Under the Corporations Act, if at least 25% of the votes cast on the resolution to Agenda Item 2 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's next Annual General Meeting, the Company will be required to put to Shareholders a resolution proposing the calling of general meeting to consider the appointment of Directors of the Company (**Spill Resolution**).

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

The proportion of votes cast against the 2017 remuneration report was less than 25% of the total votes cast. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2018.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

The Board considers that its current practices of setting executive and non-executive remuneration are within normal industry expectations, and provides an effective balance between the need to attract and retain the services of the highly skilled key management personnel that the Company requires. As such the Directors recommend that shareholders vote in favour of the resolution to Agenda Item 2.

Definitions

Key Management Personnel has the same meaning as in the accounting standards and includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2018.



EXPLANATORY STATEMENT

3. Re-Election of Director – Mr Ian Cochrane

as an Ordinary Resolution

Experience

Mr Cochrane was widely regarded as one of Australia's leading M&A lawyers until his retirement from the practice of law in December 2013.

Educated in South Africa where he completed degrees in Commerce and Law, he immigrated to Australia in 1986 and joined national law firm Corrs Chambers Westgarth and then Mallesons Stephen Jaques, specialising in Mergers & Acquisitions. In 2006, Mr Cochrane co-established boutique law firm Cochrane Lishman, which was eventually acquired by the global law firm Clifford Chance in early 2011.

Mr Cochrane is currently Chairman of VOC Group Limited and a Director and Chairman of diversified ASX-listed mining services group Ausdrill Limited (ASX: ASL), Wright Prospecting Pty Ltd and Ardross Estates Pty Ltd. He was previously Chairman of Little World Beverages Limited which produced the Little Creatures beers and was taken over by Lion Nathan in 2012. He was also previously a Director of Rugby WA and the West Australian Ballet.

Term of Office

Mr Cochrane was appointed as a Director of the Company on 29 February 2016.

Independence

The Board of Dacian Gold Limited considers Mr Cochrane to be an Independent Director.

Special Responsibilities

Mr Cochrane is the Chairperson of Dacian Gold Limited's Remuneration Committee, and is a member of the Company's Audit and Nomination Committees.

Directors' Recommendation

The Board (excluding Mr Cochrane) supports the proposed re-election and recommends that Shareholders vote in favour of the re-election of Mr Ian Cochrane as a Director.

4. Ratification of Prior Issue of Equity Securities – Placement Shares

as an Ordinary Resolution

General

Agenda Item 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 16,047,334 ordinary fully paid shares (Shares or Placement Shares) as stated below.

On 19 July 2018 14,814,815 Placement Shares were issued to unrelated parties of the Company, pursuant to an institutional share placement announced to ASX on 13 July 2018.

On 3 August 2018 1,232,519 SPP Shares were issued to shareholders pursuant to the terms of a A\$5 million Share Purchase Plan (SPP) announced to ASX on 11 July 2018. The SPP was heavily oversubscribed allowing, under the terms of the SPP, the Company to accept oversubscriptions of approximately A\$3.3 million. As a result, subscriptions in excess of A\$5 million were issued under the Company's 15% new issue capacity under ASX Listing Rule 7.1.

The Placement Shares and the SPP Shares were issued by the Company under the 15% limit imposed by the ASX Listing Rule 7.1 without the need for Shareholder approval.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.



EXPLANATORY STATEMENT

4. Ratification of Prior Issue of Equity Securities – Placement Shares (Continued)

Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 14,814,815 Placement Shares were issued and 1,232,519 SPP Shares were issued ;
- (b) the Placement Shares and the SPP shares were issued for cash consideration of \$2.70 per Share;
- (c) the Placement Shares and the SPP Shares issued were all issued on the same terms and conditions as the Company's existing ordinary shares (DCN);
- (d) the Placement Shares were allotted and issued to institutional investors that were not related parties of the Company, the SPP shares were issued to eligible shareholders of the Company pursuant to the terms of the SPP; and
- (e) The funds raised from the issue of the Placement Shares and the SPP shares will be used to fund an accelerated exploration program and extinguish a life of mine royalty at Dacian's Mt Morgans Gold Project.

5. Adoption of the Dacian Gold Limited Employee Option Plan
as an Ordinary Resolution

Agenda Item 5 seeks Shareholder approval for the adoption of an Employee Option Plan (Plan) in accordance with Exception 9 of ASX Listing Rule 7.2.

The Plan was initially adopted on 9 October 2012 and last approved by shareholders on 16 November 2015.

Shareholders should note that the objective of the Plan is to attract, motivate and retain key employees and that the following Options, including zero-priced options (Performance Rights) have previously been issued to employees of the Company under this Plan, since last being approved by Shareholders:

Date Issued	Number of Options Issued	Exercise Price	Expiry Date
5 February 2016	1,650,000	\$1.16	31 January 2021
26 February 2016	300,000	\$1.99	28 February 2021
28 June 2016	500,000	\$3.66	30 June 2021

Date Issued	Number of Performance Rights Issued	Expiry Date
14 October 2016	670,000*	11 October 2020
5 April 2017	40,500	7 April 2021
30 August 2017	165,155	30 June 2024
20 April 2018	226,526	30 June 2025

*Performance rights issued to a Director pursuant to the terms and conditions of the Plan and Shareholder approval.

It is considered by the Directors that the adoption of the Plan and the future issue of Options, including zero-priced options (Performance Rights) under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of that company in any rolling 12 month period.

An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9) which provides that issues under an employee incentive plan are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the plan as an exception to ASX Listing Rule 7.1.

If the resolution in Agenda Item 5 is passed, the Company will be able to issue Shares under the Plan without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 3 year period.

A summary of the terms and conditions of the Dacian Gold Limited Employee Option Plan is set out in Schedule 1.



EXPLANATORY STATEMENT

6. Appointment of KPMG as Auditors of the Company
as an Ordinary Resolution

Grant Thornton Audit Pty Ltd (**Grant Thornton**), the Company's current auditor, has given notice of its intention to resign as auditor of the Company to ASIC (under section 329(5) of the Corporations Act).

Upon receipt of ASIC's consent to their resignation, Grant Thornton has advised that it will submit a notice of resignation to the Company in accordance with section 329(5) of the Corporations Act, such resignation to take effect from the date of the Annual General Meeting.

In accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a Shareholder for KPMG to be appointed as the Company's auditor. A copy of this nomination is attached to this Explanatory Statement at Schedule 2.

KPMG has given its written consent to act as the Company's auditor, subject to Shareholder approval and the resignation of Grant Thornton.

If the Resolution attaching to Agenda Item 6 is passed, the appointment of KPMG as the Company's auditors will take effect from the close of the Annual General Meeting.



EXPLANATORY STATEMENT

Schedule 1

Dacian Gold Employee Option Plan (including zero-priced options (performance rights)) - Terms and Conditions

1. General

- 1.1 No monies will be payable for the grant of the options.
- 1.2 A certificate or holder statement will be issued for the options.
- 1.3 The options will not be listed for Official Quotation.
- 1.4 The options are not transferable except with the consent of the Board.
- 1.5 Each option shall carry the right to subscribe for one Share upon exercise of the option.
- 1.6 The options shall expire at 5.00pm WST on the Expiry Date.
- 1.7 Subject to clauses 1.6, 2 and 3, the options may be exercised by the Participant at any time, but subject to the prior satisfaction of the Exercise Conditions (if any). The Board may, at its discretion, by notice to the Participant adjust or vary the terms of an option, subject to the requirements of the Listing Rules. No adjustment or variation will be made without the consent of the Participant if such adjustment or variation would have a materially prejudicial effect upon the Participant (in respect of their outstanding options) except as otherwise by the rules of the Plan.
- 1.8 The Shares allotted on the exercise of the options shall be issued subject to an exercise price per Share (Exercise Price).
- 1.9 Options may only be exercised by delivery to the Company Secretary (at a time when the options may be exercised) of:
- (a) the certificate for the options or, if the certificate for the options has been lost or destroyed, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration that the certificate has been lost or destroyed;
 - (b) a notice addressed to the Company and signed by the Participant stating that the Participant exercises the options and specifying the number of options which are exercised; and
 - (c) subject to clause 1.10, payment to the Company of an amount equal to the Exercise Price multiplied by the number of options which are being exercised unless there is no exercise price payable in respect of the options to be exercised.
- Unless clause 1.10 applies, the notice is only effective (and only becomes effective) when the Company has received value for the full amount of the Exercise Price (for example, if the Exercise Price is paid by cheque, by clearance of that cheque) by the Expiry Date and subject to the options the subject of the notice vesting in accordance with any Exercise Conditions stipulated in these terms and conditions.
- 1.10 In lieu of paying the aggregate Exercise Price to purchase Shares under clause 1.9(c), the Participant may elect to receive, without payment of cash or other consideration, upon surrender of the applicable portion of exercisable Options to the Company, a number of Shares determined in accordance with the following formula (a Cashless Exercise):

$$S = \frac{EO(SP - EP)}{SP}$$

where:

S = the number of Shares (rounded down to the nearest whole number) to be issued to the Participant pursuant to this clause 1.10;

EO = the number of Options which the Participant is entitled to exercise;

SP = the fair market value of a Share, which will be the weighted average closing price of Shares on ASX over the five trading days prior to the date of exercise, or if the Company is not Listed the fair market value will be the fair value of Shares as determined by the Board (acting responsibly); and

EP = the Exercise Price.

- 1.11 Options may be exercised in one or more parcels of any size in multiples of 100, or all of the Options granted to the Participant that the Participant is then entitled to exercise. An exercise of only some options shall not affect the rights of the Participant to the balance of the options held by the Participant.



EXPLANATORY STATEMENT

Schedule 1 (Continued)

Dacian Gold Employee Option Plan (including zero-priced options (performance rights)) - Terms and Conditions (Continued)

- 1.12 The Company shall allot the resultant Shares and deliver the holding statements within four weeks of the exercise of the option.
- 1.13 Shares allotted pursuant to an exercise of options shall rank, from the date of allotment, equally with existing Shares of the Company in all respects.
- 1.14 The Company shall, in accordance with the Listing Rules, make application to have Shares allotted pursuant to an exercise of options listed for Official Quotation, if the Company is listed on the ASX at the time.
2. Lapse of Options
- 2.1 Unless clause 2.2, 2.3 or 2.4 applies, the options will lapse immediately and all rights in respect of the options will be lost:
- (a) if the Eligible Participant ceases to be an employee or director of, or to render services to, a member of the Group for any reason whatsoever (including without limitation resignation or termination for cause) and the Exercise Conditions have not been met; or
 - (b) the Exercise Conditions are unable to be met; or
 - (c) the Expiry Date has passed; or
 - (d) the deadline provided for in clause 2.4 has passed,
- whichever is earlier.
- 2.2 If the term of an option would otherwise expire outside a Trading Window applicable to the Eligible Participant or the Participant, then the term of such Option shall be extended to the close of business on the 10th Business Day during the next Trading Window applicable to the Eligible Participant or the Participant.
- 2.3 If the Eligible Participant dies, becomes Permanently Disabled, resigns employment on the basis of retirement from the workforce or is made redundant by the relevant member of the Group, prior to the Expiry Date of any options granted to the Participant (Ceasing Event) the following provisions apply.
- (a) the Participant or the Participant's legal personal representative, where relevant, may exercise those options which at that date:
 - (i) *have become exercisable;*
 - (ii) *have not already been exercised; and*
 - (iii) *have not lapsed,*in accordance with clause 2.3(c);
 - (b) at the absolute discretion of the Board, the Board may resolve that the Participant, or the Participant's legal personal representative, where relevant, may exercise those Options which at that date:
 - (i) *have not become exercisable; and*
 - (ii) *have not lapsed,*in accordance with clause 2.3(c) and, if the Board exercises that discretion, those unexercisable options will not lapse other than as provided in clause 2.3(c);
 - (c) the Participant or the Participant's legal personal representative (as the case may be) must exercise the options referred to in clause 2.3(a) and, where permitted, clause 2.3(b), not later than the first to occur of:
 - (i) *the Expiry Date of the options in question; and*
 - (ii) *the date which is 6 months after the Ceasing Event provided that in the case of options referred to in clause 2.3(b), all Exercise Conditions have been met at that time (unless the Board decides to waive any relevant Exercise Conditions, in its absolute discretion); and*
 - (d) options which have not been exercised by the end of the period specified in clause 2.3(c) lapse immediately at the end of that period and all rights in respect of those options will thereupon be lost.
- 2.4 Where the Eligible Participant ceases to be an employee or director of, or to render services to, a member of the Group, for any reason whatsoever (including without limitation resignation or termination for cause), prior to the Expiry Date in relation to the options (Ceasing Date) and the Exercise Conditions have been met, the Participant will be entitled to exercise options for a period of up to 1 month after the Ceasing Date for the options, after which the options will lapse immediately and all rights in respect of those options will be lost.



EXPLANATORY STATEMENT

Schedule 1 (Continued)

Dacian Gold Employee Option Plan (including zero-priced options (performance rights)) - Terms and Conditions (Continued)

3. Change in Control Event

- (a) On the occurrence of a Change of Control Event, the Board may in its sole and absolute discretion determine that unvested options will vest despite the non-satisfaction of any Exercise Conditions and become exercisable in accordance with clause 3(b), with such vesting deemed to have taken place immediately prior to the effective date of the Change of Control Event, regardless of whether or not the employment, engagement or office of the Eligible Participant is terminated or ceases in connection with the Change of Control Event.
- (b) Whether or not the Board determines to accelerate the vesting of any options, the Company shall give written notice of any proposed Change of Control Event to the Participant. Upon the giving of any such notice the Participant shall be entitled to exercise, at any time within the 14-day period following the giving of such notice, all or a portion of those options granted to the Participant which are then vested and exercisable in accordance with their terms, as well as any unvested Options which shall become vested and exercisable in connection with the completion of such Change of Control Event. Unless the Board determines otherwise (in its sole and absolute discretion), upon the expiration of such 14 day period, all rights of the Participant to exercise any outstanding options, whether vested or unvested, shall terminate and all such options shall immediately lapse, expire and cease to have any further force or effect, subject to the completion of the relevant Change of Control Event.

4. Participation Rights

4.1 The Participant is not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless:

- (a) the Participant has become entitled to exercise the options under clauses 1.6, 2 or 3; and
- (b) the Participant does so before the record date for the determination of entitlements to the new issue of securities and participates as a result of being a holder of Shares.

The Company must give the Participant, in accordance with the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.

- 4.2 In the event of a bonus issue of Shares being made pro-rata to shareholders (Bonus Issue), the number of Shares issued to a Participant on exercise of each option will include the number of Shares that would have been issued to the Participant if the option had been exercised prior to the record date for the Bonus Issue (Bonus Shares). No adjustment will be made to the Exercise Price. The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other Shares of that class on issue at the date of issue of the Bonus Shares.
- 4.3 If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares the Exercise Price shall be reduced according to the formula specified in the Listing Rules.
- 4.4 If, prior to the expiry of any options, there is a reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, then the rights of a Participant (including the number of options to which each Participant is entitled and the Exercise Price) will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- 4.5 If, prior to the expiry of any options, a resolution for a members' voluntary winding up of the Company is proposed (other than the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to the Participant of the proposed resolution. Subject to the Exercise Conditions, the Participant may, during the period referred to in the notice, exercise their options.
- 4.6 The options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant options.



DACIAN GOLD LIMITED
ABN 61 154 262 978

EXPLANATORY STATEMENT

Schedule 2

Shareholder Nomination of Auditor

9 October 2018

The Company Secretary
Dacian Gold Limited
Level 2, 1 Preston St
Como WA 6152

Dear Sir

Notice of Nomination of Proposed Auditor

Pursuant to Section 328B(1) of the Corporations Act 2001, Mark Pitts being a member of Dacian Gold Limited, hereby give you notice of the nomination of KPMG of 235 St George's Terrace, Perth as auditor of Dacian Gold Limited.

Yours faithfully

Mark Pitts

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