



ABN 61 154 262 978

## **NOTICE OF ANNUAL GENERAL MEETING**

**&**

## **EXPLANATORY STATEMENT**

**To be held**

**At 10.00am, Monday, 16 November 2015**

**at**

**The Offices of AMEC, 6 Ord Street, West Perth WA 6005**

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8 October 2015

Dear Fellow Dacian Gold Shareholder

Please find enclosed the Notice of Annual General Meeting for the Shareholders' Meeting to be held at 6 Ord Street, West Perth WA 6005 at 10.00am on Monday, 16 November 2015.

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 sincerely



**Rohan Williams**  
Executive Chairman



## DACIAN GOLD LIMITED

ABN 61 154 262 978

### 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, 16 November 2015 at 6 Ord Street, West Perth WA 6005.

#### 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 2015.

**2. Adoption of the Remuneration Report**

To consider and, if thought fit, to pass 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 2015."*

***Voting Exclusion 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 Barry Patterson**

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

*"That, Mr Barry Patterson who retires in accordance with the Company's Constitution and being eligible, offers himself for re-election."*



## DACIAN GOLD LIMITED

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### NOTICE OF ANNUAL GENERAL MEETING

#### AGENDA (Continued)

#### 4. Adoption of Dacian Gold Limited Employee Option Plan

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

*"That 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 on Agenda Item 4 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.*

#### 5. Approval of Additional 10% Placement Capacity

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

*"That, for the purpose of Listing Rule 7.1A and all other purposes, the Company approves the allotment and issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."*

##### ***Voting Exclusion Statement***

*The Company will disregard any votes cast on Agenda Item 5 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed, and any person associated with those persons.*

*However, votes cast by a person described above 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.*



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**NOTICE OF ANNUAL GENERAL 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).



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**NOTICE OF ANNUAL GENERAL MEETING**

**GENERAL NOTES (Continued)**

**2. Voting by Proxy (Continued)**

*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.

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 14 November 2015.

**BY ORDER OF THE BOARD**

**Kevin R Hart**  
Company Secretary

Dated this 8<sup>th</sup> day of October 2015



## DACIAN GOLD LIMITED

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### 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 2014 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 2015.





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### EXPLANATORY STATEMENT

#### 2. Adoption of Remuneration Report (Continued)

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 2015.

#### 3. Re-Election of Director – Mr Barry Patterson

as an Ordinary Resolution

Mr Patterson is a mining engineer with over 50 years of experience in the mining industry and is a co-founder, and Non-Executive Director, of ASX listed GR Engineering Limited.

Mr Patterson was also a founding shareholder of leading engineering services provider JR Engineering, which became Roche Mining after being taken over by Downer EDI in 2002. He also co-founded contract mining companies Eltin, Australian Mine Management and National Mine Management.

Mr Patterson has served as a director of a number of public companies across a range of industries. He was formerly the non-executive chairman of Sonic Healthcare Limited for 11 years, during which time the company's market capitalisation increased from \$20 million to \$4 billion, and Silex Systems Limited.

Mr Patterson was appointed as a Director of the Company on 9 January 2012.



## DACIAN GOLD LIMITED

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### EXPLANATORY STATEMENT

#### 3. Re-Election of Director – Mr Barry Patterson (Continued)

##### Directors' Recommendation

The Board (excluding Mr Barry Patterson) recommends that Shareholders vote in favour of the re-election of Mr Barry Patterson as a Director.

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

Agenda Item 4 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 and last approved by shareholders on 9 October 2012.

Shareholders should note that the objective of the Plan is to attract, motivate and retain key employees and that the following Options 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
21 February 2013	1,000,000 <sup>1</sup>	84 cents	15 February 2018
28 February 2014	1,000,000	57 cents	28 February 2019
25 September 2014	1,000,000	65 cents	24 September 2019
5 October 2015	1,500,000	122 cents	30 September 2020

<sup>1</sup>The 1,000,000 options issued on 21 February 2013 and exercisable at 84 cents each and expiring 15 February 2018 were cancelled as at 30 June 2013 on termination of employment prior to satisfaction of the vesting conditions.

It is considered by the Directors that the adoption of the Plan and the future issue of Options 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.



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### EXPLANATORY STATEMENT

#### 4. **Adoption of the Dacian Gold Limited Employee Option Plan (Continued)**

If the resolution in Agenda Item 4 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.

#### 5. **Approval of Additional 10% Placement Capacity**

as a Special Resolution

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital over a 12 month period after the Annual General Meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution (**Additional 10% Placement Capacity**). The Additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An entity will be eligible to seek approval under Listing Rule 7.1A if: (a) the entity has a market capitalisation of \$300 million or less; and (b) the entity that is not included in the S&P ASX 300 Index. The Company is not included in the S&P ASX 300 Index and its market capitalisation at 7 October 2015 is approximately \$82 million and as such is considered an eligible entity for the purposes of Listing Rule 7.1A.

The number of Equity Securities to be issued under the Additional 10% Placement Capacity will be determined in accordance with the formula set out in Listing Rule 7.1A.2.

The Company is putting Agenda Item 5 to Shareholders to seek approval to issue additional Equity Securities under the Additional 10% Placement Capacity.

This Resolution does not mean that the Company will necessarily utilise the 10% Additional Placement Capacity. Rather, capital markets have recently been in a state of fluctuation and the Directors acknowledge that they may need to act quickly to raise funds when favourable markets emerge. The Company's failure to raise capital, if and when needed, could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities. Under these circumstances, the Additional 10% Placement Capacity will provide flexibility for the Company to issue additional securities, in the event that the Directors determine that the issue of the additional securities is in the interests of the Shareholders and the Company in achieving its objectives.



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### EXPLANATORY STATEMENT

#### 5. **Approval of Additional 10% Placement Capacity (Continued)** **Listing Rule 7.1A**

The effect of Agenda Item 5 will be to permit the Company to issue the Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined below) without using the Company's 15% placement capacity under Listing Rule 7.1.

Equity Securities issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice the Company has quoted securities in the form of Shares on issue.

Based on the number of Shares on issue at the date of this Notice the Company has 96,100,000 Shares on issue and therefore, subject to Shareholder approval being sought under Agenda Item 5, 9,610,000 Equity Securities will be permitted to be issued in accordance with Listing Rule 7.1A. Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the Additional 10% Placement Capacity is a moving calculation and will be based on the formula set out in Listing Rule 7.1A at the time of issue of the Equity Securities. The table on the page below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

The resolution the subject of Agenda Item 5 is a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) in order to be passed.

#### **Specific information required by Listing Rule 7.3A**

The following information in relation to the Shares to be issued is provided to Shareholders for the purposes of Listing Rule 7.3A:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 Trading Days immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.



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### EXPLANATORY STATEMENT

#### 5. Approval of Additional 10% Placement Capacity (Continued)

- (b) If the resolution the subject of Agenda Item 5 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, the existing Shareholders' economic and voting interests in the Company will be diluted. There is also a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date of the Equity Securities.

The table below shows the dilution of existing Shareholders of the issue of the maximum number of Equity Securities under the Additional 10% Placement Capacity using different variables for the number of ordinary securities for variable "A" (as defined in Listing Rule 7.1A) and the market price of Shares. It is noted that variable "A" is based on the number of ordinary securities the Company has on issue at the time of the proposed issue of Equity Securities.

The table shows:

- (i) examples of where variable "A" is at its current level, and where variable "A" has increased by 50% and by 100%;
- (ii) examples of where the issue price of ordinary securities is the current market price as at close of trade on 7 October 2015 (current market price), where the issue price is halved, and where it is doubled; and

the dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.



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### EXPLANATORY STATEMENT

#### 5. Approval of Additional 10% Placement Capacity (Continued)

Variable 'A'	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$0.425 Issue Price at half the current market price	\$0.85 Issue Price at current market price	\$1.70 Issue Price at double the current market price
Current Variable A <b>96,100,000</b> Shares	Shares issued	9,610,000	9,610,000	9,610,000
	Funds raised	\$4,084,250	\$8,168,500	\$16,337,000
	Dilution	10%	10%	10%
50% increase in current Variable A <b>144,150,000</b> Shares	Shares issued	14,415,000	14,415,000	14,415,000
	Funds raised	\$6,126,375	\$12,252,750	\$24,505,500
	Dilution	10%	10%	10%
100% increase in current variable A <b>192,200,000</b> Shares	Shares issued	19,220,000	19,220,000	19,220,000
	Funds raised	\$8,168,500	\$16,337,000	\$32,674,000
	Dilution	10%	10%	10%

Note: this table assumes:

- (i) No Options are exercised before the date of the issue of the Equity Securities;
- (ii) The Company issues the maximum number of Equity Securities under the Additional 10% Placement Capacity and the Equity Securities issues consists only of Shares;
- (iii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholders holding at the date of the Annual General Meeting;
- (iv) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.



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### EXPLANATORY STATEMENT

#### 5. Approval of Additional 10% Placement Capacity (Continued)

- (c) Approval of the Additional 10% Placement Capacity will be valid from the date of the Annual General Meeting and will expire on the earlier of:
- (i) the date that is 12 months after the date of the Annual General Meeting; and
  - (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),
- (Additional Placement Period).

- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) cash consideration. If Equity Securities are issued for cash consideration, the Company intends to use the funds to advance its exploration programs and general working capital purposes; or
  - (ii) non-cash consideration for the acquisition of new assets. If Equity Securities are issued for non-cash consideration, the Company will comply with the minimum issue price limitation under Listing Rule 7.1A.3 in relation to such issue and will release the valuation of the non-cash consideration to the market.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

- (e) Securities issued under the Additional 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s). Securities allotted pursuant to the allocation policy will be determined following consideration of a number of factors including, but not limited to, the following matters:
- (i) the ability of the Company to raise funds at the time of the proposed issue of Equity Securities;
  - (ii) the dilutionary effect of the proposed of the issue of the Equity Securities on existing Shareholders at the time of proposed issued of Equity Securities;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from its professional advisers, including corporate, financial and broking advisers (if applicable).



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### EXPLANATORY STATEMENT

#### 5. Approval of Additional 10% Placement Capacity (Continued)

At the date of this Notice, the Company has not formed an intention as to whether the securities will be offered to existing security holders, or to any class or group of existing security holders, or whether the securities will be offered exclusively to new investors that have not previously been security holders of the Company. The Company will give consideration before making any placement of securities under Listing Rule 7.1A whether the raising of any funds under such placement could be carried out in whole, or in part, by an entitlements offer to existing security holders.

The allottees under the Additional 10% Placement Capacity have not been determined as at the date of this Notice but will not include related parties (or their associates) of the Company.

- (f) The Company has not previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A.
- (g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not determined its allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity. The Company has not approached, and has not yet determined to approach, any particular existing security holders or an identifiable class of existing security holders to participate in an offer under the Additional 10% Placement Capacity, and therefore no Shareholder will be excluded from voting on Agenda Item 5.

#### Directors Recommendation

The Board recommends Shareholders vote in favour of Agenda Item 5.





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**EXPLANATORY STATEMENT**

**Schedule 1**

**Dacian Gold Employee Option Plan – 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.
- 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



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**EXPLANATORY STATEMENT**

**Schedule 1**

**Dacian Gold Employee Option Plan – Terms and Conditions (Continued)**

- (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.



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**EXPLANATORY STATEMENT**

**Schedule 1**

**Dacian Gold Employee Option Plan – 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.



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**EXPLANATORY STATEMENT**

**Schedule 1**

**Dacian Gold Employee Option Plan – Terms and Conditions (Continued)**

- 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 those 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.



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**Dacian Gold Employee Option Plan – Terms and Conditions (Continued)**

- 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.
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.



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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.



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## **EXPLANATORY STATEMENT**

### **Schedule 1**

#### **Dacian Gold Employee Option Plan – Terms and Conditions (Continued)**

- 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 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.

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