

# Notice of Annual General Meeting

Westgold Resources Limited ACN 009 260 306

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Date of Meeting: Wednesday, 28 November 2018

Time of Meeting: 11.00am (Perth Time)

Place of Meeting: Liberty Conference Centre, Ground Floor, 197 St Georges Tce,  
Perth WA 6000

# Notice of Annual General Meeting

Notice is given that the Annual General Meeting of shareholders of **Westgold Resources Limited ACN 009 260 306 (Westgold or Company)** will be held at 11.00am (Perth time), on Wednesday, 28 November 2018 at Liberty Conference Centre, Ground Floor, 197 St Georges Tce, Perth, Western Australia 6000.

## Agenda

### Ordinary Business

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#### Financial Reports

To receive and consider the Annual Financial Report, Directors' Report and Auditors' Report for Westgold and its controlled entities for the financial year ended 30 June 2018.

Note: There is no requirement for shareholders to approve these reports.

#### 1. Resolution 1 – Remuneration Report

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To consider and, if thought fit, pass the following as an advisory resolution:

“That, the Remuneration Report for the year ended 30 June 2018 (as disclosed in the Company’s 2018 Annual Report) is adopted for the purposes of section 250R(2) of the Corporations Act and for all other purposes.”

*Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.*

*Voting Prohibition Statement: The Company will disregard any votes cast on Resolution 1 by a member of the Key Management or a Closely Related Party of such a member. However, these persons may cast a vote on Resolution 1 if:*

- (a) *the person does so as a proxy;*
- (b) *the vote is not cast on behalf of a member of the Key Management or a Closely Related Party of such a member; and either*
  - (i) *the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution: or*
  - (ii) *the proxy is the chair of the meeting and the appointment of the chair as proxy:*
- (A) *does not specify the way the proxy is to vote on the resolution; and*
- (B) *expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management.*

#### 2. Resolution 2 – Re-election of Peter Newton as director

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

“That Peter Newton, a Director retiring from office by rotation in accordance with Rule 38.1(c) of the Company’s Constitution and for the purposes of Listing Rule 14.4, and, being eligible, is re-elected as a Director of the Company.”

#### 3. Resolution 3 – Election of Suresh Shet

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

“That Suresh Shet, a Director who was appointed on 18 December 2017, retires in accordance with Rule 36.2 of the Company’s Constitution and for the purposes of Listing Rule 14.4, and, being eligible, is elected as a Director of the Company.”

# Notice of Annual General Meeting

## **4. Resolution 4 – Approval for grant of Securities to Peter Cook under the ESOP**

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

“That, for the purposes of Listing Rule 10.14 and sections 200B and 200E of the Corporations Act and for all other purposes, approval is given for the Company to grant to Mr Cook (or his nominees) Employee Options in the Company pursuant to the ESOP on the terms and conditions set out in the Explanatory Memorandum.”

*Voting Exclusion: The Company will disregard any votes cast on Resolution 4 by any director of the Company who is eligible to participate in the ESOP and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or, it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

*Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:*

*(a) the proxy is either:*

*(i) a member of the Key Management Personnel; or*

*(ii) a Closely Related Party of such a member; and*

*(b) the appointment does not specify the way the proxy is to vote on this Resolution.*

*However, the above prohibition does not apply if:*

*(a) the proxy is the Chair; and*

*(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.*

## **5. Resolution 5 – Approval for grant of Securities to Johannes Norregaard under the ESOP**

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

“That, for the purposes of Listing Rule 10.14 and sections 200B and 200E of the Corporations Act and for all other purposes, approval is given for the Company to grant to Mr Norregaard (or his nominees) 180,869 Employee Options in the Company pursuant to the ESOP on the terms and conditions set out in the Explanatory Memorandum.”

*Voting Exclusion: The Company will disregard any votes cast on Resolution 5 by any director of the Company who is eligible to participate in the ESOP and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or, it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

*Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:*

*(a) the proxy is either:*

*(i) a member of the Key Management Personnel; or*

*(ii) a Closely Related Party of such a member; and*

*(b) the appointment does not specify the way the proxy is to vote on this Resolution.*

*However, the above prohibition does not apply if:*

*(a) the proxy is the Chair; and*

# Notice of Annual General Meeting

*(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.*

## 6. Resolution 6 – Ratification of Prior Issue of Shares

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the prior issue of 36,000,000 Shares on the terms and conditions set out in the Explanatory Memorandum.”

*Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of a person who participated in a share issue and any associates of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or, it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

## 7. Resolution 7 – Ratification of Prior Issue of Shares

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the prior issue of 4,000,000 Shares on the terms and conditions set out in the Explanatory Memorandum.”

*Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of a person who participated in a share issue and any associates of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or, it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

## Other Business

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To consider any other business that may be brought before the Meeting in accordance with the Company’s Constitution.

### Explanatory Memorandum

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Annual General Meeting.

### Snap Shot Time

Regulation 7.11.37 of the Corporations Regulations 2001 permits the Company to specify a time, not more than 48 hours before the Meeting, at which a “snap shot” of Shareholders will be taken for the purposes of determining Shareholders' entitlements to vote at the Meeting.

The Directors have determined that all Shares of the Company on the register as at 5.00pm (Perth time) on 26 November 2018 shall, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time.

### Proxies

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

# Notice of Annual General Meeting

The enclosed Proxy Form for the Meeting provides further details on appointing proxies and lodging the Proxy Form. Proxies must be returned by 11.00 am (Perth time) on 26 November 2018.

## Voting by Proxy

A Shareholder can direct its proxy to vote for, against or abstain from voting on each resolution by marking the appropriate box in the Voting Directions section of the proxy form. If a proxy holder votes, they must cast all votes as directed. Any directed proxies that are not voted will automatically default to the Chairman, who must vote the proxies as directed.

If the Chairman is to act as your proxy in relation to the meeting (whether by appointment or by default) and you have not given directions on how to vote by marking the appropriate box in the Voting Directions section of the proxy form, the Chairman intends to vote all valid undirected proxies in respect of each of the Resolutions in favour of the relevant resolution.

If you are in any doubt as to how to vote, you should consult your professional adviser.

## Corporate Representative

If a representative of a Shareholder corporation is to attend the Meeting, a "Corporate Representative Certificate" should be completed and produced prior to the meeting. Please contact the Company's Share Registry for a pro forma certificate if required.

By Order of the Board of Directors  
**Westgold Resources Limited**



David Okeby  
Company Secretary  
15 October 2018

# Explanatory Memorandum

## 1. Introduction

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This Explanatory Memorandum is provided to shareholders of **Westgold Resources Limited ACN 009 260 306 (Westgold or Company)** to explain the Resolutions to be put to Shareholders at the Annual General Meeting to be held at Liberty Conference Centre, Ground Floor, 197 St Georges Terrace, Perth WA 6000 on Wednesday, 28 November 2018 commencing at 11.00am (Perth 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.

Terms used in this Explanatory Memorandum are defined in section 9.

## 2. Consider the Company's 2018 Annual Report

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The Corporations Act requires the Annual Financial Report, Directors' Report and Auditor's Report of the Company for the year ended 30 June 2018 to be tabled at the Annual General Meeting. There is no requirement for shareholders to approve these reports.

Shareholders will be given an opportunity to ask questions of the Directors and the Company's Auditors in relation to the accounts of the Company at the Annual General Meeting.

## 3. Resolution 1 – Approval of the Remuneration Report

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### 3.1 Background

The Annual Report for the year ended 30 June 2018 contains a Remuneration Report that sets out the details of the remuneration of all Directors and Executives during the financial year. In addition, it describes the Board's remuneration policy.

The Chairman of the meeting will allow a reasonable opportunity for shareholders to ask questions about, or make comments on, the Remuneration Report at the meeting. In addition, shareholders will be asked to vote on the Remuneration Report.

The Board submits the Remuneration Report to Shareholders for their consideration and adoption by way of a non-binding resolution as required by the Corporations Act.

The resolution is advisory only and does not bind the Company or its Directors. The Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report when reviewing the Company's Remuneration policies. Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, then a further resolution (**Spill Resolution**) may be required to be considered at the second AGM as to whether a further meeting be convened to put certain Directors to re-election. The Directors to be put to re-election are those Directors, other than the Managing Director, who were Directors when the resolution to make the directors report (considered at the later annual general meeting) was passed.

At the Company's previous annual general meeting the votes cast against the Remuneration Report considered at that annual general meeting were less than 25%. Accordingly, the requirement for a Spill Resolution will not arise at this Meeting irrespective of the outcome of the vote on Resolution 1.

The Company encourages all Shareholders to cast their vote in relation to Resolution 1.

## 4. Resolution 2 – Re-election of Peter Newton as a Director

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### 4.1 Background

In accordance with Listing Rule 14.4 and Rule 38.1(c) of the Company's Constitution, at every Annual General Meeting, one third of the Directors (other than the Managing Director or any alternate Director or any newly appointed Directors retiring under clause 36.2) for the time being, or if their number is not a multiple of three, then such number as is appropriate to ensure that no Director holds office for more than three years, must retire from office and are eligible for re-election. The Directors to retire are to be those who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time and unless mutually agreed, by lot.

# Explanatory Memorandum

## 4.2 Re-election of Peter Newton

Mr Newton retires from office in accordance with this requirement and submits himself for re-election.

Mr Newton retired after 25 years as a stockbroker in 1994. Since then he has been a significant participant in the Australian resource industry as an investor, non-executive director, Chairman and mentor in a number of listed and successful companies. Mr Newton is also the Chairman of the Company's Remuneration & Nomination Committee and Audit Committee. Mr Newton is the Chairman of Metals X Limited.

Mr Newton has been a director of the Company since 6 October 2016.

## 4.3 Directors' recommendation

The Directors (other than Mr Newton) recommend that shareholders vote in favour of Resolution 2.

## 5. Resolution 3 – Election of Suresh Shet as a Director

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### 5.1 Background

In accordance with Listing Rule 14.4 Rule 36.2 of the Company's Constitution, the Directors may appoint any person to be a Director, either as an addition to the existing Directors or to fill a casual vacancy. However, any such appointment concludes at the next annual general meeting following the appointment. The Director is then eligible for election but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

### 5.2 Election of Suresh Shet

Mr Shet retires from office in accordance with this requirement and submits himself for election.

Mr Shet (MSc Geol), MAusIMM) has over 22 years of experience in various mineral commodities in fields ranging from exploration to feasibility studies, new mine development, mergers and acquisitions, and project evaluation. Mr Shet is a nominee director of Gold and Energy Resources Ltd (GEAR) who is a significant shareholder in the Company. He is also an Associate Member of the Singapore Institute of Directors (SID). The Board appointed Mr Norregaard on 29 December 2016.

The Board appointed Mr Shet on 18 December 2017.

### 5.3 Directors' recommendation

The Directors (other than Mr Shet) recommend that shareholders vote in favour of Resolution 3.

## 6. Resolutions 4 and 5 – Grant of Employee Options to Directors – Peter Cook and Johannes Norregaard

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### 6.1 General

Resolution 4 seeks Shareholder approval in accordance with Listing Rule 10.14 and for the purposes sections 200B and 200E of the Corporations Act for the grant of 279,744 Employee Options to Mr Cook (or his nominees) under the ESOP.

Resolution 5 seeks Shareholder approval in accordance with Listing Rule 10.14 and for the purposes of sections 200B and 200E of the Corporations Act for the grant of 180,869 Employee Options to Mr Norregaard (or his nominees) under the ESOP.

The Board considers that this grant of Employee Options to the Company's two executive directors, Mr Cook and Mr Norregaard, would be a cost effective and efficient reward and incentive for Mr Cook's and Mr Norregaard's continued performance.

In determining the remuneration package for Mr Cook and Mr Norregaard, including the proposed grant of Employee Options under the ESOP, the Board considered the role, the business challenges facing the Company and market practice for the remuneration of officers in positions of similar responsibility.

If Mr Cook or Mr Norregaard ceases employment as a result of an Uncontrollable Event (refer to Schedule 1, meaning employment ceases by reason of death, serious injury, disability or illness, forced early retirement, retrenchment, redundancy or such other circumstances which

# Explanatory Memorandum

the board determines is an uncontrollable event), the Board has discretion to allow the early vesting of Employee Options which remain at that time subject to any vesting conditions or hurdles. The Board also has this discretion if Mr Cook or Mr Norregaard ceases employment as a result of a Controllable Event (being events other than Uncontrollable Events).

Refer to Schedule 1 for a summary of the key terms the ESOP and, to the extent applicable, a summary of the terms and conditions of the Employee Options.

The Chairman intends to exercise all available proxies in favour of Resolutions 4 and 5. If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though Resolutions 4 and 5 are connected directly or indirectly with the remuneration of a Director.

## 6.2 Corporations Act

Under Section 200B of the Corporations Act, a company may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in the company or a related body corporate if it is approved by shareholders or an exemption applies. Section 200B of the Corporations Act applies to managerial or executive officers of the Company or any of its subsidiaries, which includes Mr Cook and Mr Norregaard. The term benefit has a wide operation and includes the early vesting of the Employee Options under the rules of the ESOP. This approval is sought in case any vesting occurs in connection with any future retirement of Mr Cook or Mr Norregaard from office. Neither Mr Cook nor Mr Norregaard has expressed any intention to retire from office in the foreseeable future.

It is proposed, therefore, that Resolutions 4 and 5 will also approve, under section 200E of the Corporations Act, any 'termination benefit' that may be provided to Mr Cook and Mr Norregaard under the ESOP in relation to the Employee Options to be granted to them, in addition to any other termination benefits that may be provided to Mr Cook and Mr Norregaard as otherwise permitted under the Corporations Act. The termination benefit that may be given under the ESOP is the early vesting of the Employee Options if Mr Cook and Mr Norregaard cease employment with the Company due to death, serious injury, disability or illness, forced early retirement, retrenchment, redundancy or such other circumstances with the approval of the Board. The value of the 'benefit' cannot yet be determined as it will be dependent on the number of Employee Options that are subject to any early vest and the Company's share price at that time.

Pursuant to Chapter 2E of the Corporations Act, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

Section 211 of the Corporations Act provides an exception for a benefit that comprises remuneration to an officer of a public company where such remuneration is reasonable in the circumstances of the company and that officer's particular circumstances (i.e. having regard to the responsibilities of or involved in such office). Accordingly, the Company considers that the exception in section 211 of the Corporations Act applies to the proposed issue of Employee Options to both Mr Cook and Mr Norregaard.

## 6.3 Listing Rule 10.14

In accordance with Listing Rule 10.14, the Company must not permit a Director and any of his associates to acquire securities under an employee incentive scheme unless it obtains shareholder approval.

Pursuant to Listing Rule 7.2, exception 14, as shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required.

## 6.4 Specific information required by Listing Rule 10.15

Information is provided to Shareholders for the purposes of obtaining Shareholder approval as follows:

## Explanatory Memorandum

- (a) Mr Cook and Mr Norregaard are related parties of the Company by virtue of being Directors;
- (b) the maximum number of Employee Options to be issued to Mr Cook and Mr Norregaard is 279,744 and 180,869 respectively;
- (c) the Employee Options will be granted for nil cash consideration, accordingly no funds will be raised on issue;
- (d) Subject to the satisfaction of the service and performance conditions, Mr Cook and Mr Norregaard will become entitled to receive one ordinary Share in the Company for each Employee Option vested upon exercise of the relevant Option. Any Employee Options that does not vest will automatically lapse;
- (e) 16,475,000 options have been issued under the ESOP to date (which includes the following issues to Executive Directors:

Name	Number of options	Exercise Price	Grant Date	Vesting Date	Expiry Date
Peter Cook	2,250,000	\$2.02	11/01/2017	11/01/2018	11/01/2020
Peter Cook	1,400,000	\$2.31	24/11/2017	24/11/2018	24/11/2020
Joannes Norregaard	1,000,000	\$2.31	24/11/2017	24/11/2018	24/11/2020

- (f) the persons referred to in Listing Rule 10.14 who are entitled to participate in the plan are all Directors, being, as at the date of the Notice, Messrs Peter Cook, Johannes Norregaard, Peter Newton, Fiona Van Maanen, Peter Schwaan and Suresh Shet;
- (g) a voting exclusion statement is included in the Notice;
- (h) no loans are being provided in respect of the issue of the Employee Options to Mr Cook and Mr Norregaard; and
- (i) the Company will grant the Employee Options to Mr Cook and Mr Norregaard no later than 12 months after the date of the Meeting or such longer period of time as ASX allows pursuant to any waiver or modification of the ASX Listing Rules.

### 6.5 Valuation of Options

In determining the value of the Employee Options for illustrative purposes in this Explanatory Memorandum, the Company engaged independent consultants BDO Corporate Finance (WA) Pty Ltd (**BDO**). The value of the Employee Options were assessed by BDO by applying Monte-Carlo and Binomial employee share option pricing methodologies.

In determining the value of the Employee Options, the following assumptions have been made:

- (a) A share price of \$1.170 is used, based on the share price of the Company on 9 October 2018.
- (b) The exercise price of the Employee Options are nil.
- (c) The expiry date of the Tranche 1 Employee Options is 30 June 2020. The Expiry date of the Tranche 2 Employee Options is 30 June 2021.
- (d) Price volatility used is 45%, based on an estimated future volatility level of the Company's share trading on the ASX.
- (e) The risk free interest rates used were 2.03% and 2.11%, based on the 2 and 3 year Australian Government bond rates.
- (f) The respective measurement periods for the two tranches are two years from 1 July 2018 to 30 June 2020 and three years from 1 July 2018 to 30 June 2021.

Based on these assumptions and using the respective employee share option pricing methodologies, the Company estimates that the Employee Options are valued:

Details	Vesting Period	Value of RTSR Employee Options each	Value of ROCE Employee Options each
Tranche 1	Two years	\$0.90	\$1.170
Tranche 2	Three years	\$0.887	\$1.170

On that basis, the value of the Employee Options proposed to be granted to Mr Cook and Mr Norregaard (or his nominee) is as follows:

## Explanatory Memorandum

Name	Value of Tranche 1 Employee Options	Value of Tranche 2 Employee Options	Total Value of Employee Options
Peter Cook	\$99,450	\$98,721	\$198,171
Jonannes Norregaard	\$64,300	\$63,828	\$128,128

### 6.6 Further Details relating to the Financial Benefit

Shareholders should note the further details as set out below relating to the financial benefit being provided to Mr Cook and Mr Norregaard:

- (a) Mr Cook currently has a relevant interest in 10,379,066 Westgold Shares and 5,555,816 Options (various expiry dates and exercise prices) and Mr Norregaard currently has a relevant interest in nil Shares and 1,000,000 Options (with the expiry date and exercise price set out section 6.4(e) above);
- (b) if the Employee Options which are proposed to be issued pursuant to Resolutions 4 and 5 are exercised, a total of 460,613 Shares would be issued. This will increase the number of Shares on issue from 363,109,569 to 363,570,182 (assuming no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by approximately 0.13%;
- (c) under the accounting standard AASB 2 share based payments, the Company will recognise an expense in the income statement based on the fair value of the Employee Options over the period from the date of issue to the vesting date. The total of the fair value of the Employee Options issued is \$326,299 at the date of the Notice (refer to section 6.5 for valuation details);
- (d) the remuneration and emoluments from the Company to Mr Cook and Mr Norregaard for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Peter Cook	\$855,385	\$1,707,537 <sup>1</sup>
Johannes Norregaard	\$710,031	\$903,420 <sup>1</sup>
<b>Total</b>	<b>\$1,565,416</b>	<b>\$2,610,957<sup>1</sup></b>

Note 1: See 2018 Remuneration Report for further details on long term incentives issued in the previous financial year.

- (e) the trading history of the Shares on the ASX in the 12 months before the date of this Notice is as follows:
  - (1) at the time of preparing this Notice of Annual General Meeting, the closing price of the Company's shares on the ASX was \$1.185 on 12 October 2018;
  - (2) the price of the Company's shares quoted on the ASX over the past 12 months has ranged from a high of \$1.915 on 1 November 2017 to a low of \$1.125 on 2219 September 2018; and
- (f) the primary purpose of the grant of the Employee Options to Mr Cook and Mr Norregaard is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of Mr Cook and Mr Norregaard as Directors.
- (g) Mr Cook and Mr Norregaard decline to make a recommendation to Shareholders in relation to Resolutions 4 and 5 respectively due to their material personal interest in the outcome of Resolutions 4 and 5 on the basis that Mr Cook and Mr Norregaard are to be granted Employee Options in the Company should Resolutions 4 and 5 be passed.

# Explanatory Memorandum

## 6.7 Approval pursuant to Listing Rule 7.1 not required

Approval pursuant to Listing Rule 7.1 is not required for the grant of the Employee Options under Resolutions 4 and 5 as approval is being obtained under Listing Rule 10.14.

Accordingly, the grant of Related Party Options to Messrs Cook and Norregaard (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

## 7.8. Performance Conditions for Employee Options

- (a) The number of Employee Options vesting will be subject to the Company's relative performance for each of the performance conditions. The maximum Employee Option entitlement will be treated as two equal tranches.
- (b) **Tranche 1 Employee Options:**
- i. The service condition requires continuous employment for a two (2) year period from 1 July 2018 to 30 June 2020.
  - ii. The performance conditions comprise the following:
    - a) Relative Total Shareholder Returns (50%); and
    - b) Return on Capital Employed (50%).each of which is calculated over the two year service period.
- (c) **Tranche 2 Employee Options:**
- i. The service condition requires continuous employment for a three (3) year period from 1 July 2018 to 30 June 2021.
  - ii. The performance conditions comprise the following:
    - a) Relative Total Shareholder Returns (50%); and
    - b) Return on Capital Employed (50%).each of which is calculated over the three year service period.

### Relative Total Shareholder Return Performance Condition

Total Shareholder Return (**TSR**) is the percentage growth in shareholder value, which takes into account factors such as changes in share price and dividends paid. The Relative TSR performance condition measures Westgold's ability to deliver superior shareholder returns relative to its peer companies by comparing the TSR performance of Westgold against the performance of the S&P/ASX All Ordinaries Gold Index.

The Company will employ an independent organisation to calculate the TSR ranking, which will be assessed over the relevant service periods for Tranche 1 and Tranche 2 Employee Options.

The vesting schedule for the Relative TSR measure is as follows:

Relative TSR Performance	% Contribution to the Number of Employee Options to Vest
Below Index	0%
Equal to the Index	50%
Above Index and below 15% above the Index	Pro-rata from 50% to 100%
15% above the Index	100%

### Return on Capital Employed Performance Condition

Return on Capital Employed (**ROCE**) measures the efficiency with which management uses capital in seeking to increase shareholder value.

The Company will employ an independent organisation to calculate the ROCE, which will be assessed over the relevant service periods for Tranche 1 and Tranche 2 Employee Options.

The vesting schedule for the ROCE measure is as follows:

ROCE Performance	% Contribution to the Number of Employee Options to Vest
Less than or equal to the average annual weighted average cost of capital ( <b>WACC</b> )	0%
WACC (calculated as above) + 3%	50%

# Explanatory Memorandum

WACC (calculated as above ) + between 3% and 6%	Pro-rata from 50% to 100%
WACC (calculated as above ) + 6%	100%

## 7. Resolutions 6 and 7 – Ratification of Prior Issue of Shares

### 7.1 General

Resolutions 6 and 7 seeks Shareholder approval in accordance with Listing Rule 7.4 for the prior issue by the Company of 40,000,000 fully paid ordinary shares (**Ratification Shares**). The Ratification Shares were issued on three separate occasions for separate acquisitions made by the Company as detailed below:

Resolution	Date	Shares	Purpose
6	5 December 2017 12 January 2018 30 January 2018	36,000,000	Issued under a subscription agreement with Golden Energy and Resources Limited as announced to the ASX on 30 November 2017.
7	23 February 2018	4,000,000	Part consideration for the acquisition of Polar Metals Pty Ltd from S2 Resources Limited as announced to the ASX on 13 February 2018.
	<b>Total</b>	<b>40,000,000</b>	

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

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

By ratifying the issue of Shares the subject of Resolutions 6 and 7, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### 7.2 Specific information required by Listing Rule 7.5

Pursuant to the provisions of Listing Rule 7.5, the following information is supplied to Shareholders in respect of Resolutions 6 and 7:

- a total of 40,000,000 Shares were issued;
- the Ratification Shares the subject of Resolution 6 were issued at an issue price of \$1.885 per share;
- the Ratification Shares the subject of Resolution 7 were issued in consideration for assets and shares as listed in section 7.1 of this Explanatory Statement above;
- the Ratification Shares issued were fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- the Ratification Shares were issued to the following parties:

Date	Shares	Party
5 December 2017 12 January 2018 30 January 2018	36,000,000	Golden Energy and Resources Limited.
23 February 2018	4,000,000	S2 Resources Limited

# Explanatory Memorandum

- (f) no funds were raised from the issue of the Ratification Shares as they were issued for the purposes referred to in section 7.1 of this Explanatory Statement.

## 8. Interpretation

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

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange;

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

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

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

**Company** means Westgold Resources Limited;

**Constitution** means the constitution of the Company from time to time;

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

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

**Employee Options** means 460,613 options to be issued to Mr Cook and Mr Norregaard under the ESOP, the subject of Resolutions 4 and 5;

**ESOP** means the Westgold Resources Limited Employee Share Option Plan;

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

**Key Management Personnel** has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

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

**Meeting** or **Annual General Meeting** means the annual general meeting to be held on Monday, 28 November 2018;

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

**Option** means an option to acquire a Share;

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

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

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

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

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

Level 6, 197 St Georges Terrace  
PERTH WA 6000

(08) 9462 3400

# Schedule

## **Schedule 1 – Summary of Material Terms of Westgold’s Employee Share Option Plan**

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The key terms of the ESOP are summarised below:

- (a) The ESOP is to extend to eligible persons or eligible associate (as the case may be) of Westgold or an associated body corporate of Westgold as the board of Westgold may in its discretion determine.
- (b) The total number of securities which may be offered by Westgold under the ESOP shall not at any time exceed 5% of Westgold’s total issued shares when aggregated with the number of securities issued or that may be issued as a result of offers made at any time during the previous 3 year period under:
  - (1) an employee incentive scheme covered by ASIC CO 14/1000; or
  - (2) an ASIC exempt arrangement of a similar kind to an employee incentive scheme.
- (c) The shares are to be issued at a price determined by the Westgold board.
- (d) The options are to be issued for no consideration and may be issued subject to such Performance Hurdle (if any) as determined by the Westgold board at its sole discretion.
- (e) The exercise price of an option is to be determined by the Westgold board at its sole discretion.
- (f) The option commencement date will be any such date or dates with respect to the options or tranches of options (as the case may be) as may be determined by the Westgold board prior to the issuance of the relevant options.
- (g) The option period commences on the option commencement date and ends on the earlier of:
  - (1) the expiration of such period nominated by the Westgold board at its sole discretion at the time of the grant of the option but being not less than two years;
  - (2) if an eligible person’s employment or engagement with Westgold or an associated body corporate ceases because of an Uncontrollable Event, the earlier of:
    - (A) the expiry of the option period; or
    - (B) six months (or such other period as the Westgold board shall, in its absolute discretion, determine) from the date on which the eligible person ceased that employment or engagement;
  - (3) if an eligible person’s employment or engagement with Westgold or an associated body corporate ceases because of a Controllable Event, the earlier of:
    - (A) the expiry of the option period; or
    - (B) three months (or such other period as the Westgold board shall, in its absolute discretion, determine) from the date on which the eligible person ceased that employment or engagement; or
  - (4) the Westgold board determining in its absolute discretion that the eligible person ceasing to be employed or engaged by Westgold or an associated body corporate of Westgold due to fraud, dishonesty or being in material breach of their obligations to Westgold or an associated body corporate.
- (h) If an eligible person’s employment or engagement with the Company ceases because of an Uncontrollable Event, the Westgold Board in its absolute discretion may determine to reduce, vary or waive any Performance Hurdle that has not been satisfied as at the date of the Uncontrollable Event so that the options subject to the Performance Hurdle may be exercised and, unless so determined by the Westgold Board in its absolute discretion, if an eligible person’s employment or engagement with the Company ceases because of a Controllable Event, options the subject of any unsatisfied Performance Hurdle shall lapse as at the date of the Controllable Event.
- (i) Eligibility to participate is determined by the Westgold board. Eligibility is restricted to eligible persons (or their eligible associates where applicable) of Westgold or an associated body corporate of Westgold. The Westgold board is entitled to determine:
  - (1) subject to paragraph (b) above, the total number of shares and options to be offered in any one year to eligible persons or eligible associates;

## Schedule

- (2) the eligible persons to whom offers will be made; and
- (3) the terms and conditions of any shares and options granted, subject to the ESOP.
- (j) In respect of options, option holders do not participate in dividends or in bonus issues unless the options are exercised.
- (k) Option holders do not have any right to participate in new issues of securities in Westgold made to shareholders generally. Westgold 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 options, in accordance with the requirements of the Listing Rules.
- (l) In the event of a pro rata issue (except a bonus issue) made by Westgold during the term of the options, Westgold may adjust the exercise price for the options in accordance with the following formula:

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

where:

- O' = 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 volume weighted average market price per security of the underlying securities calculated over the five trading days ending on the day before the ex rights date or 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.
- (m) The Westgold board has the right to vary the entitlements of participants to take account of the effect of capital reorganisations, bonus issues or rights issues.
- (n) The terms of the options shall only be changed if holders (whose votes are not to be disregarded) of shares in Westgold approve of such a change. However, the terms of the options shall not be changed to reduce the exercise price, increase the number of options or change any period for exercise of the options, unless so permitted by the ASX.
- (o) The Westgold board may impose as a condition of any offer of shares and options under the ESOP, any restrictions on the transfer or encumbrance of such shares and options as it determines.
- (p) The Westgold board may vary the ESOP.
- (q) The ESOP is separate to and does not in any way form part of, vary or otherwise affect the rights and obligations of an eligible person under the terms of his or her employment or arrangement.
- (r) At any time from the date of an offer until the acceptance date of that offer, the board undertakes that it shall provide information as to:
  - (1) the current market price of the shares; and
  - (2) the acquisition price of the shares or options offered where this is calculated by reference to a formula, as at the date of the offer,to any participant within 3 Business Days of a written request to Westgold from that participant to do so.
- (s) Any offer made pursuant to this ESOP will specify whether subdivision 83A-C of the applicable Tax Laws applies to that offer such that any tax payable by a participant under the offer will be deferred to the applicable deferred taxing point described in that subdivision.

# Schedule

In this ESOP:

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

**Performance Hurdle** means criterion, condition or other requirement that must be satisfied.

**Uncontrollable Event** means:

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

## Summary of Terms of Employee Options

	Tranche 1	Tranche 2
<b>Exercise Price</b>	Nil	Nil
<b>Expiry Date</b>	30 June 2020	30 June 2021
<b>Performance Conditions</b>	Two years continuous service. Relative Total Shareholder Return Performance Condition. See Section 7.8 of the Explanatory Memorandum.	Three years continuous service. Return on Capital Employed Performance Condition. See Section 7.8 of the Explanatory Memorandum.





My/Our contact details in case of enquiries are:

Name:

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Number:

( 

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 )

**1. NAME AND ADDRESS**

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

**2. APPOINTMENT OF A PROXY**

If the person you wish to appoint as your Proxy is someone other than the Chairperson 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 Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

**3. DIRECTING YOUR PROXY HOW TO VOTE**

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

**4. APPOINTMENT OF A SECOND PROXY**

You are entitled to appoint up to two (2) 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 contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities 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 of your votes; and
- b) Return both forms in the same envelope.

**5. SIGNING INSTRUCTIONS**

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

**Joint Holding:** where the holding is in more than one name, all of the Shareholders must sign.

**Power of Attorney:** to sign under Power of Attorney you must have already lodged this document with the Company's share 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 may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

**6. LODGEMENT OF PROXY**

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

**Security Transfer Australia Pty Ltd**

**Online** [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

**Postal Address** PO BOX 52  
Collins Street West VIC 8007

**Street Address** Suite 913, Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000

**Telephone** 1300 992 916

**Facsimile** +61 8 9315 2233

**Email** [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

**PRIVACY STATEMENT**

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

