

DGO Gold Limited

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ASX RELEASE
24 May 2018

Letter to ineligible overseas shareholders – DGO Gold Limited (ASX Code: DGO)

Dear Shareholder,

DGO Gold Entitlement Offer – notice to ineligible shareholders

DGO Gold Limited (**DGO Gold** or **Company**) today announced an equity raising through a 1 for 2 non-renounceable entitlement offer of fully paid ordinary shares in DGO Gold (**New Shares**) (and 1 new option for every New Share issued) to raise between \$4.43 million and \$5.99 million (**Entitlement Offer**).

The proceeds of the Entitlement Offer will primarily allow DGO Gold to fund its \$5 million investment in De Grey Mining Limited as announced to the ASX on 22 May 2018. Funds will also be applied for ongoing working capital, costs of the Entitlement Offer and to fund continued exploration activities.

The Entitlement Offer is not underwritten.

The Company currently has 4,168,736 existing options on issue exercisable at \$0.40 on or before 30 June 2020 (DGOAI) (**Existing Options**). The Company's largest holders of Existing Options, being Cairnglen Investments Pty Ltd, Lion Nominees Pty Ltd, Eduard Eshuys and Ginga Pty Ltd (**Major Option Holders**), have each separately committed to exercise all of the Existing Options they are able to exercise before the Record Date, which will result in up to \$1,184,243 being raised by the Company.¹

In addition, three of the Company's largest shareholders being Cairnglen Investments Pty Ltd, Andama Holdings Pty Ltd and Ginga Pty Ltd have each committed to take up 1,333,333 New Shares for \$1 million, and DGO Gold's Chairman, Mr Eduard Eshuys, has agreed to take up 533,333 New Shares for \$400,000 in the offer which will result in a minimum \$3.4 million being raised through the issue of 4,533,332 New Shares.

¹ The number of Existing Options that may be exercised by the Major Option Holders is subject to the *Corporations Act 2001* (Cth) (including the applicable control thresholds under the *Corporations Act 2001* (Cth)), and will therefore depend on the number of Existing Options exercised by other existing option holders.

Lion Nominees Pty Ltd, another major shareholder and a company associated with Director, Bruce Parncutt, has, as set out in the Company's announcement to ASX on 22 May, also committed to subscribe for \$1 million worth of New Shares. However, as Lion Nominees Pty Ltd is a related party of the Company by virtue of it being a company associated with recently appointed Director, Bruce Parncutt, it is not able to subscribe for New Shares in excess of its Entitlement by way of any participation in the Top Up Facility. Its participation in the Entitlement Offer will therefore, be limited to its Entitlement to take up its full Entitlement (in an amount of \$877,593.75).

The Company has committed to allow Andama Holdings Pty Ltd to take up a placement for new Shares and options on the same terms and conditions as the Entitlement Offer to the extent that its \$1 million committed is not satisfied through the Entitlements and its participation in the Top Up Facility. The Company has also committed to seek shareholder approval to allow Lion Nominees Pty Ltd to take up a placement for new Shares and options on the same terms and conditions as the Entitlement Offer to the extent that its \$1 million committed is not satisfied through its Entitlement (that is, a placement for 163,208 new Shares to raise approximately \$122,406).

Terms of the Entitlement Offer

Under the Entitlement Offer, eligible shareholders will be invited to subscribe for 1 New Share for every 2 existing ordinary shares (and 1 new option for every New Share issued with an exercise price of \$1.00 per new option exercisable on or before 31 December 2021) in DGO Gold held at 7.00pm (Brisbane time) on Tuesday, 12 June 2018 (**Record Date**) at an offer price of \$0.75 per New Share (**Entitlement**).

The Entitlement Offer is being made by DGO Gold in accordance with section 713 of the *Corporations Act 2001* (Cth). DGO Gold lodged a prospectus for the Entitlement Offer with the Australian Securities and Investments Commission (ASIC) on 24 May 2018.

Documents relating to the Entitlement Offer, including the prospectus, were lodged with ASX on 24 May 2018 and are being mailed to eligible shareholders.

Shareholder approval is not required for DGO Gold to make the offer under the Entitlement Offer.

Eligibility of shareholders to participate in the Entitlement Offer

In accordance with the ASX Listing Rules and the *Corporations Act 2001* (Cth), DGO Gold has considered the number of shareholders with registered addresses outside Australia and New Zealand, the number and value of the shares held by those shareholders and the number of New Shares those shareholders would be offered pursuant to the Entitlement Offer.

Taking this into consideration, as well as the costs of complying with the legal requirements and the requirements of the regulatory authorities relating to the shareholders with registered addresses outside of Australia and New Zealand, DGO Gold has formed the view that it is unreasonable to extend the Entitlement Offer to shareholders with registered addresses outside of Australia and New Zealand and that the offer pursuant to the Entitlement Offer will only be extended to DGO Gold shareholders on the Record Date with registered addresses in Australia or New Zealand.

Accordingly, as a shareholder with a registered address outside of Australia and New Zealand, the offer pursuant to the Entitlement Offer will not be extended to you and you will not be entitled to participate in the Entitlement Offer.

The Company has obtained relief from ASIC from the requirement to appoint a nominee for foreign Shareholders under section 615 *Corporations Act 2001* (Cth) in specific circumstances.

New Shares equivalent to the number of New Shares you would have been entitled to if you were an Eligible Shareholder will be allocated to Eligible Shareholders who subscribe for New Shares in excess of their entitlement under the Entitlement Offer.

As the Entitlement Offer is non-renounceable, you will not receive any payment or value for these entitlements in respect of any New Shares that would have been offered to you if you were eligible.

You are not required to do anything in response to this letter.

Further information

If you have any queries, please call 1300 853 816 (within Australia) or +61 1300 853 816 (outside Australia) between 8.30am and 5.00pm (Brisbane time) Monday to Friday during the offer period or, alternatively, consult your professional adviser.

On behalf of the Directors, I thank you for your continued support of DGO Gold.

Yours faithfully

DGO GOLD LIMITED

A handwritten signature in black ink, appearing to read 'E. Eshuys', is written over a faint, light-colored rectangular background.

**EDUARD ESHUYS
EXECUTIVE CHAIRMAN**

Important information

This letter does not constitute an offer to sell or the solicitation of an offer to buy, any securities in the United States. No action has been or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia and New Zealand. In particular, the new shares under the Entitlement Offer have not been, and will not be, registered under the US Securities Act of 1933 (US Securities Act) or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be offered, sold or resold in the United States or to, or for the account or benefit of, a person in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any applicable securities laws of any state or other jurisdiction of the United States.