

LAWSON GOLD LIMITED
ACN 141 804 104

NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY MEMORANDUM
PROXY FORM

Date of Meeting

27 November 2014

Time of Meeting

9.30 am (Adelaide time)

Place of Meeting

HLB Mann Judd
169 Fullarton Road
DULWICH SA 5065

NOTICE OF ANNUAL GENERAL MEETING

LAWSON GOLD LIMITED ACN 141 804 104

Notice is hereby given that the Annual General Meeting of shareholders of Lawson Gold Limited (**Company**) will be held at HLB Mann Judd, 169 Fullarton Road, Dulwich, South Australia at 9.30 am (Adelaide time) on 27 November 2014.

Ordinary Business

To consider the Financial Statements for the financial year ended 30 June 2014 and accompanying reports of the Directors and Auditor.

Resolution 1: Adoption of Remuneration Report

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

‘That the Company adopt the Remuneration Report for the year ended 30 June 2014 as set out in the Company’s Annual Report for the year ended 30 June 2014.’

Resolution 2: Re-election of Donald Stephens as Director

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

‘That Mr Donald Stephens, having voluntarily retired in accordance with Listing Rule 14.4 and clause 2.5 of the Company’s Constitution and being eligible, and offering himself, for re-election, is re-elected as a Director with effect immediately following the conclusion of the meeting.’

Resolution 3: Approval of 10% Placement Facility

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

‘That pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.’

Resolution 4: Approval of Employee Option Scheme

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

‘That for the purpose of Listing Rule 7.2, Exception 9(b) and for all other purposes, the Company approves the issue of securities under the employee incentive scheme known as ‘Lawson Gold Limited Employee Option Scheme’, the terms and conditions of which are annexed as Annexure A to the Explanatory Memorandum, as an exception to Listing Rule 7.1.’

DATED 24 October 2014

**BY ORDER OF THE BOARD
LAWSON GOLD LIMITED**

A handwritten signature in dark ink, appearing to read "Donald Stephens". The signature is written in a cursive, flowing style with some capitalization.

**DONALD STEPHENS
COMPANY SECRETARY**

NOTES:

1. Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting and should be read in conjunction with this Notice of Annual General Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used in both this Notice of Annual General Meeting and the Explanatory Memorandum.

2. Voting Exclusion Statements

(a) Resolution 1

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (i) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; or
- (ii) a Closely Related Party of such a member.

However, a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above 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 person is the chair of the meeting and the appointment of the chair as proxy:
 - does not specify the way the proxy is to vote on the resolution; and
 - 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 Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

(b) Resolution 3

The Company will disregard any votes cast on Resolution 3 by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person (and any associates of such a person) who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, if Resolution 3 is passed.

However, the Company will not disregard a vote if:

- (i) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (ii) it is cast by 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.

(c) Resolution 4

(i) Corporations Act

A vote on Resolution 4 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (A) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; or
- (B) a Closely Related Party of such a member.

However, a person described above may cast a vote on Resolution 4 as a proxy if the vote is not cast on behalf of a person described above and either:

- (A) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (B) the person is the chair of the meeting and the appointment of the chair as proxy:
 - does not specify the way the proxy is to vote on the resolution; and
 - 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 Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

(ii) **Listing Rules**

For the purposes of the Listing Rules, the Company will disregard any votes cast on Resolution 4 by any Director of the Company (except one who is ineligible to participate in the Lawson Gold Limited Employee Option Scheme) and any associates of that Director of the Company.

However, subject always to paragraph 2(c)(i), the Company will not disregard a vote if:

- (A) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (B) it is cast by 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.

3. Proxies

A shareholder entitled to attend this Meeting and vote is entitled to appoint a proxy to attend and vote for the shareholder at the Meeting. A proxy need not be a shareholder. If the shareholder is entitled to cast two or more votes at the Meeting the shareholder may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. A form of proxy accompanies this Notice.

To record a valid vote, a shareholder will need to take the following steps:

- 3.1 complete and lodge the manual proxy form at the share registry of the Company, Computershare Investor Services Pty Limited:
 - (a) by post at the following address:

Computershare Investor Services Pty Limited
GPO Box 242
MELBOURNE VIC 3001

OR

- (b) by facsimile on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or

- 3.2 for Intermediary Online subscribers only (custodians), cast the shareholder's vote online by visiting www.intermediaryonline.com,

so that it is received no later than 9.30 am (Adelaide time) on 25 November 2014.

Please note that if the chair of the meeting is your proxy (or becomes your proxy by default), you expressly authorise the chair to exercise your proxy on Resolutions 1 and 4 even though they are connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the chair. If you appoint the chair as your proxy you can direct the chair to vote for or against or abstain from voting on either or both of Resolutions 1 and 4 by marking the appropriate box on the proxy form.

The chair intends to vote undirected proxies in favour of each item of business.

4. 'Snap Shot' Time

The Company may 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 shareholder entitlements to vote at the Meeting. The Directors have determined that all shares of the Company that are quoted on ASX as at 7.00 pm (Adelaide time) on 25 November 2014 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.

5. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of a Notice convening an Annual General Meeting of shareholders of Lawson Gold Limited to be held on 27 November 2014. This Explanatory Memorandum is to assist shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the resolutions proposed. Both documents should be read in their entirety and in conjunction with each other.

Other than the information set out in this Explanatory Memorandum, the Directors believe that there is no other information that could reasonably be required by shareholders to consider Resolutions 1 to 4 (inclusive).

1. RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

The Annual Report for the year ended 30 June 2014 contains a Remuneration Report which sets out the remuneration policy of the Company.

An electronic copy of the 2014 Annual Report is available to download or view on the Company's website at www.lawsongold.com. The 2014 Annual Report has also been sent by post to those shareholders who have previously elected to receive a hard copy.

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. Shareholders should note that the vote on Resolution 1 is advisory only and, subject to the matters outlined below, will not bind the Company or the Directors. However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration policy.

Section 250R(4) of the Corporations Act prohibits a vote on this resolution being cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, under section 250R(5) of the Corporations Act a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the person is the chair of the meeting and the appointment of the chair as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) 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 Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

Please note that if the chair of the meeting is your proxy (or becomes your proxy by default), you expressly authorise the chair to exercise your proxy on Resolution 1 even though it is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the chair. If you appoint

the chair as your proxy you can direct the chair to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

The chair intends to vote undirected proxies in favour of Resolution 1.

Resolution 1 is an ordinary resolution.

Please also note that under sections 250U and 250V of the Corporations Act, if at two consecutive annual general meetings of a listed company at least 25% of votes cast on a resolution that the remuneration report be adopted are against adoption of the report, at the second of these annual general meetings there must be put to the vote a resolution that another meeting be held within 90 days at which all directors (except the managing director) who were directors at the date the remuneration report was approved at the second annual general meeting must stand for re-election. So, in summary, shareholders will be entitled to vote in favour of holding a general meeting to re-elect the Board if the Remuneration Report receives 'two strikes'. The Remuneration Report did not receive a 'first strike' at the Company's 2013 annual general meeting.

2. **RESOLUTION 2: RE-ELECTION OF DONALD STEPHENS AS DIRECTOR**

Listing Rule 14.4 and clause 2.5 of the Constitution require that at the close of each annual general meeting one-third of the Directors or, if their number is not a multiple of three, then the number nearest to but not more than one-third of the Directors, must retire from office, and will be eligible for re-election at the meeting. Accordingly, Mr Donald Stephens retires as a Director and, being eligible, offers himself for re-election.

A resume for Mr Stephens follows:

Donald Stephens

Non-Executive Director/Company Secretary (BA(Acc), FCA)

Donald Stephens is a Chartered Accountant and corporate adviser with over 25 years' experience in the accounting industry, including 14 years as a partner of HLB Mann Judd (SA) Pty Ltd, a firm of Chartered Accountants. He is a director of Papyrus Australia Ltd, Reproductive Health Science Ltd, Mithril Resources Ltd and Petrathern Ltd and is company secretary to Minotaur Exploration Ltd, Musgrave Minerals Ltd, Highfield Resources Ltd, Mithril Resources Ltd and Reproductive Health Science Ltd. In the last 3 years he has been a director of TW Holdings Ltd and CRW Holdings Ltd. He holds other public company secretarial positions and directorships with private companies and provides corporate advisory services to a wide range of organisations. He is also the company secretary and is a member of the Company's audit committee.

Resolution 2 is an ordinary resolution.

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

The chair intends to vote undirected proxies in favour of Resolution 2.

3. **RESOLUTION 3: APPROVAL OF 10% PLACEMENT FACILITY**

3.1 **General**

Listing Rule 7.1A enables an eligible entity to issue Equity Securities up to 10% of its issued ordinary share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the eligible entity's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities which may be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 3.2(c)).

3.2 **Description of Listing Rule 7.1A**

(a) **Shareholder approval**

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) **Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue the following classes of Equity Securities:

- ordinary shares quoted on ASX
- options not quoted on ASX

(c) **Formula for calculating 10% Placement Facility**

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 10% Placement Period (refer to section 3.2(f)), a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

A is the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement to issue:

- plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid ordinary shares that became fully paid in the 12 months;
- plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of ordinary shares under Listing Rules 7.1 and 7.4;
- less the number of fully paid ordinary shares cancelled in the 12 months.

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

D is 10%

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

(d) Listing Rule 7.1 and Listing Rule 7.1A

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

At the date of this Notice, the Company has on issue 49,786,002 ordinary shares and therefore has a capacity to issue:

- (i) 7,467,900 Equity Securities under Listing Rule 7.1; and
- (ii) subject to shareholder approval being obtained under Resolution 3, 4,978,600 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 3.2(c)).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded 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 five Trading Days of the date referred to in section 3.2(e)(i), the date on which the Equity Securities are issued.

(f) **10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; and
- (ii) the date of the approval by shareholders of a transaction under Listing Rule 11.1.1 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

3.3 **Listing Rule 7.1A**

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period in addition to using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 3 is a special resolution and therefore requires approval of at least 75% of the votes cast by shareholders entitled to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative) on the Resolution.

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

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows to the extent that such information is not disclosed elsewhere in this Explanatory Memorandum:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities in the same class over the 15 Trading Days on which trades in that class were recorded 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 five Trading Days of the date in section 3.4(a)(i), the date on which the Equity Securities are issued.
- (b) There is a risk that:
 - (i) the market price for the Company's Equity Securities in the same class 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 in the same class on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the risk of voting dilution of existing shareholders on the basis of the current market price of shares and the current number of ordinary shares for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (i) two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary shares the Company has on issue. The number of ordinary shares on issue may increase as a result of issues of ordinary shares that do not require shareholder approval (for example, a pro rata entitlements issue) or future specific placements under Listing Rule 7.1 that are approved at a future shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary shares has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in formula in Listing Rule 7.1A.2		Issue Price		
		\$0.016 50% decrease in issue price	\$0.032 issue price	\$0.064 100% increase in issue price
Current Variable 'A' 49,786,002 shares	10% voting dilution	4,978,600 shares	4,978,600 shares	4,978,600 shares
	Funds raised	\$79,657.60	\$159,315.20	\$318,630.40
50% increase in current Variable 'A' 74,679,003 shares	10% voting dilution	7,467,900 shares	7,467,900 shares	7,467,900 shares
	Funds raised	\$119,486.40	\$238,972.80	\$477,945.60
100% increase in current Variable 'A' 99,572,004 shares	10% voting dilution	9,957,200 shares	9,957,200 shares	9,957,200 shares
	Funds raised	\$159,315.20	\$318,630.40	\$637,260.80

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - No current options are exercised into shares before the date of the issue of the Equity Securities.
 - The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements pursuant to the 10% Placement Facility, based on that shareholder's holding at the date of the Meeting.
 - The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A and no other issues of Equity Securities.
 - The issue of Equity Securities under the 10% Placement Facility consists only of shares.
 - The issue price is \$0.032, being the closing price of the shares on ASX on 3 October 2014.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as referred to in the Note to Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration on the Company's current Kalgoorlie, Western Australian assets and/or general working capital.
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.
- (f) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the

10% Placement Facility. The identity of the allottees of Equity Securities and the number of Equity Securities allotted to each will be determined on a case-by-case basis having regard to factors including, but not limited to, the following:

- (i) the methods of raising funds that are available to the Company including, but not limited to, rights issue or other issue in which the existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments or the nominee of such vendors.

- (g) The Company previously obtained shareholder approval under Listing Rule 7.1A at its 2013 Annual General Meeting.
 - (i) The Company has issued 24,893,001 Equity Securities in the 12 months preceding the date of this Meeting, representing 100% of the total number of Equity Securities on issue at the commencement of that 12 month period.
 - (ii) Details of the Equity Securities referred to in section 3.4(g)(i) is as follows:

Date of issue:	On or about 28 July 2014
Number issued:	24,893,001
Class/Type of equity security:	Ordinary shares
Summary of terms:	Same as the terms and conditions of already issued fully paid ordinary shares in the Company
Names of persons who received securities or basis on which those persons was determined:	Applicants under the Company's rights issue
Price:	\$0.03 per share
Discount to market price (if any):	3.23% discount to the closing market price on the date of issue
Total cash consideration received:	\$746,790
Amount of cash consideration spent:	\$70,086
Use of cash consideration:	\$70,086 costs associated with the Non-Renounceable Rights Issue, including underwriting fees and legal expenses.

Intended use for remaining amount of cash (if any):	Existing exploration assets: \$154K Salaries and Directors fees: \$100K Professional fees: \$210K Administration expenses: \$113K Funding new projects or JVs:\$170K
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- (h) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing shareholder's votes will therefore be excluded under the voting exclusion statement in the Notice.

Resolution 3 is a **special resolution**.

The Directors recommend that shareholders vote in favour of Resolution 3.

The chair intends to vote undirected proxies in favour of Resolution 3.

4. **RESOLUTION 4: APPROVAL OF EMPLOYEE OPTION SCHEME**

The Company currently has in place the Scheme under which employees may be offered the opportunity to receive options to subscribe for shares in the Company in order to increase the range of potential incentives available to them and to strengthen links between the Company and its employees.

The Scheme is designed to provide incentives to the employees of the Company and to recognise their contribution to the Company's success. Under the Company's current circumstances the Directors consider that options are a cost effective and efficient means of incentivising employees. To enable the Company to secure employees who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The Scheme is designed to achieve this objective by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

Under the Scheme, the Board may offer to eligible persons the opportunity to receive such number of options in the Company as the Board may decide and on terms set out in the terms and conditions of the Scheme, a copy of which is contained in Annexure A to this Explanatory Memorandum. Options granted under the Scheme will be offered to participants in the Scheme on the basis of the Board's view of the contribution of the eligible person to the Company.

Listing Rule 7.1 restricts the number of equity securities a listed entity can issue in any 12 month period without shareholder approval. Listing Rule 7.2 contains a number of exceptions to Listing Rule 7.1. In particular, Exception 9(b) of Listing Rule 7.2 provides that Listing Rule 7.1 does not apply to an issue under an employee incentive scheme if within three years before the date of issue, holders of ordinary securities have approved the issue of securities under the scheme as an exception to Listing Rule 7.1.

Shareholders have not previously approved the issue of securities under the Scheme for the purposes of Exception 9(b) of Listing Rule 7.2. The purpose of Resolution 4 is to seek approval of the issue of securities under the Scheme for the purposes of Exception 9(b) of Listing Rule 7.2 and for all other purposes.

In accordance with the requirements of Exception 9(b) of Listing Rule 7.2 the following information is provided:

- (a) a copy of the terms and conditions of the Scheme is contained in Annexure A to this Explanatory Memorandum;
- (b) shareholders have not previously approved the issue of securities under the Scheme for the purposes of Exception 9(b) of Listing Rule 7.2, and no options have been issued under the Scheme; and
- (c) a voting exclusion statement has been included for the purpose of Resolution 4.

Resolution 4 is an ordinary resolution.

As the Directors are excluded from voting on this resolution they do not wish to make a recommendation as to how shareholders ought to vote in respect of the resolution.

Please note that if the chair of the meeting is your proxy (or becomes your proxy by default), you expressly authorise the chair to exercise your proxy on Resolution 4 even though it is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the chair. If you appoint the chair as your proxy you can direct the chair to vote for or against or abstain from voting on Resolution 4 by marking the appropriate box on the proxy form.

The chair intends to vote undirected proxies in favour of Resolution 4.

5. GLOSSARY

In this Explanatory Memorandum and Notice of Annual General Meeting the following expressions have the following meanings unless stated otherwise or unless the context otherwise requires:

10% Placement Facility has the meaning given in section 3.1;

10% Placement Period has the meaning given in section 3.2(f);

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited ACN 008 624 691;

Board means the board of directors of the Company;

Closely Related Party of a member of the Key Management Personnel 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 of 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 as such by the *Corporations Regulations 2001* (Cth);

Company means Lawson Gold Limited ACN 141 804 104;

Constitution means the existing constitution of the Company;

Corporations Act means *Corporations Act 2001* (Cth);

Director means a director of the Company;

Equity Securities has the same meaning as in the Listing Rules;

Key Management Personnel has the same meaning as in the accounting standards as defined in section 9 of the Corporations Act (so the term broadly 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);

Listing Rules means the listing rules of ASX;

Meeting means the meeting of shareholders convened by the Notice;

Notice means the notice of meeting to which this Explanatory Memorandum is attached;

Scheme means the Lawson Gold Limited Employee Option Scheme;

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

VWAP means volume weighted average price.

ANNEXURE A

LAWSON GOLD LIMITED EMPLOYEE OPTION SCHEME

1. DEFINITIONS AND INTERPRETATIONS

1.1 Definitions

In these Terms and Conditions, the following words and expressions have the meanings indicated unless the contrary intention appears:

"Acceptance Form" means a notice in the form of the Schedule to these Terms and Conditions.

"Associate" has the meaning given in section 139GE of the *Income Tax Assessment Act 1936* (Cth).

"Associated Company" means a related body corporate of the Company within the meaning of Section 50 of the Corporations Act.

"ASX" means ASX Limited (ABN 32 141 804 104).

"Board" means all or some of the Directors acting as a board.

"Business Day" means a day on which the stock market of ASX is open for trading.

"Company" means Lawson Gold Limited (ACN 141 804 104).

"Corporations Act" means the *Corporations Act 2001* (Cth).

"Director" means a director of the Company.

"Employee" means:

- (a) a full-time or part-time employee of the Company or of an Associated Company;
- (b) a director or officer of the Company or of an Associated Company; or
- (c) a contractor of the Company or of an Associated Company that:
 - (i) has worked for the Company or an Associated Company (as the case requires) for 12 months or more;
 - (ii) has received 80% or more of its income in the preceding year from the Company or Associated Company (as the case requires); and
 - (iii) ASIC has approved as being eligible to participate in this Scheme.

"Exercise Price" means, in respect of an Option, the price at which that Option may be exercised, as determined at the time an Offer is made in accordance with paragraph 4.1 of these Terms and Conditions.

"Expiry Date" means, in respect of any Option, the date on which that Option expires, as determined at the time of issue of that Option in accordance with paragraph 4.4.

"Listing Rules" means the official Listing Rules of ASX.

"Market Value" of a Share means:

- (a) the volume weighted average Share price during the 5 Business Days preceding the date of the Offer; or
- (b) if the Board adopts another formula for determining the market value - the value determined using that formula.

“**Offer**” has the meaning given in paragraph 2.1.

“**Option**” means an option issued under the Scheme to subscribe for a Share.

“**Participant**” means:

- (a) an Employee who personally holds an Option issued under the Scheme; or
- (b) an Employee whose Associate holds an Option issued under the Scheme.

“**record date**” has the same meaning as in the Listing Rules.

“**Redundancy**” means the termination of the employment of a Participant due to a determination by the Board that their position has, or is likely to, become obsolete or redundant (but, for the avoidance of doubt, does not extend to the dismissal of an Employee for personal or disciplinary reasons, or where an Employee leaves the employ of the Company or an Associated Company of his or her own accord).

“**Retirement**” means retirement by a Participant from employment with the Company or an Associated Company at age 55 or over or such earlier age as considered appropriate by the Board.

“**Scheme**” means the Lawson Gold Limited Employee Option Scheme constituted by these Terms and Conditions.

“**Share**” means a fully paid ordinary share in the capital of the Company.

“**Terms and Conditions**” means these terms and conditions, as amended from time to time.

“**Total and Permanent Disablement**”, in respect of a Participant, means, that Participant has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render that Participant unlikely ever to engage in any occupation for which he or she is reasonably qualified by education, training or experience.

1.2 Interpretation

In these Terms and Conditions, unless the contrary intention appears:

- (a) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- (b) the singular includes the plural and vice versa;
- (c) a reference to a gender includes all genders;
- (d) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day;

- (e) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or substitution for, and any subordinate legislation under, that legislation or legislative provision;
- (f) a reference to any instrument (such as a deed, agreement or document) is to that instrument (or, if required by the context, to a part of it) as amended, novated, substituted or supplemented at any time and from time to time;
- (g) **including** and similar expressions are not and must not be treated as words of limitation; and
- (h) an expression defined in, or given a meaning for the purposes of, the Corporations Act or the Listing Rules has the same meaning where used in these Terms and Conditions.

2. ISSUE OF OPTIONS

2.1 Offer

- (1) Subject to these Terms and Conditions and the Listing Rules, the Board may offer Options to any Employee at such times and on such terms as the Board considers appropriate in its absolute discretion ("**Offer**").
- (2) Each Offer must state:
 - (a) the maximum number of Options available to the Employee;
 - (b) that the Employee may accept the whole or any lesser number of Options offered. The Offer may stipulate a minimum number of Options and any multiple of such minimum or any other number which may be accepted;
 - (c) the Exercise Price and Expiry Date of those Options;
 - (d) the period within which the Offer may be accepted; and
 - (e) any other matters which the Board may determine.
- (3) Each Offer must be accompanied by an Acceptance Form and a copy of these Terms and Conditions.
- (4) The Board retains the right to withdraw an Offer at any time prior to issuing the Options.

2.2 Eligibility

- (1) In determining to make an Offer to an Employee, the Board must have regard to:
 - (a) the relevant Employee's skills, experience, length of service with the Company or an Associated Company, remuneration level and their potential contribution to the Company or an Associated Company in the future; and
 - (b) any other matters the Board considers relevant or appropriate in the circumstances.
- (2) The Board may exercise its power under paragraph 2.1 in respect of any individual Employee on any number of occasions.

2.3 Acceptance of Offers

- (1) Upon receipt of an Offer, an Employee may:
 - (a) accept the Offer in respect of the whole or any lesser number of Options specified in the Offer; and
 - (b) nominate an Associate to be issued and allotted the Options,by completing and returning to the Company the Acceptance Form by the closing date specified in that Acceptance Form.
- (2) The Board may, in its absolute discretion, resolve not to issue Options to an Employee's nominated Associate without giving any reasons.
- (3) No payment is required to accept the Offer.

2.4 Issue of Options

- (1) Options must be issued in accordance with these Terms and Conditions and each Participant and, where relevant, Associate, will be bound by these Terms and Conditions, the terms of the Options and the constitution of the Company upon receipt by the Company of a completed Acceptance Form.
- (2) The Company must issue each Participant or Associate (as applicable) with an Option certificate indicating the number of Options held by that Participant or Associate (as applicable) and the Exercise Price and Expiry Date of those Options.

3. MAXIMUM NUMBER OF OPTIONS

3.1 Maximum Number

The Board may not make an Offer under this Scheme if the total number of Shares the subject of the Options in that Offer, when aggregated with:

- (a) the number of Shares that would be issued if each outstanding Offer under this Scheme, were accepted and Options over those Shares were exercised;
- (b) the number of Shares that would be on issue if each outstanding offer under any other employee or executive share scheme were accepted;
- (c) the number of Shares issued during the previous five years, as a result of the exercise of Options granted under the Scheme; and
- (d) all other Shares issued pursuant to any other employee or executive incentive scheme during the preceding five years,

would exceed 5% of the total number of issued Shares of the Company as at the time of the proposed Offer.

3.2 Exclusions

In calculating the total number of issued Shares for the purposes of paragraph 3.1, the Company shall exclude Options acquired, or Shares issued by way of, or as a result of:

- (a) an offer to a person situated at the time of the receipt of the offer outside Australia;

- (b) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
- (c) an offer made pursuant to a disclosure document under Chapter 6D of the Corporations Act.

4. TERMS OF OPTIONS

4.1 Exercise Price

The Exercise Price per Share will be the greater of:

- (a) 120% of the Market Value of Shares;
- (b) 25 cents; or
- (c) any other price determined by the Board in its absolute discretion.

4.2 Entitlement

- (1) Subject to paragraphs 4.3 and 4.4 of these Terms and Conditions, and payment of the Exercise Price, each Option entitles the holder to subscribe for and be allotted one Share.
- (2) Subject to these Terms and Conditions, the Company must allot Shares on the exercise of an Option in accordance with the Listing Rules.
- (3) Shares issued on the exercise of Options will rank equally with all existing Shares from the date of issue.
- (4) Subject to the Company being admitted to the official list of ASX, the Company will make application to ASX for official quotation of Shares issued on the exercise of Options, within 10 Business Days after allotment, or such period of time required by the Listing Rules.

4.3 Exercise of Options

- (1) An Option is exercisable by the holder lodging with the Company Secretary a notice to exercise the Option in a form approved by the Company, together with payment of the Exercise Price of each Option to be exercised and the relevant Option certificate.
- (2) Options must be exercised in multiples of 1000, unless the holder exercises all Options able to be exercised by the holder at that time. The exercise of some Options only does not affect the holder's right to exercise other Options at a later time. If the holder exercises less than all Options represented by a certificate then the Company will cancel the certificate and issue a new certificate for the balance.
- (3) Subject to paragraphs 4.3(4) to 4.3(6) inclusive, an Option may be exercised at any time during the period commencing on the date that is 12 months after the date of issue of that Option and ending on the Expiry Date.
- (4) If a Participant ceases to be an Employee:
 - (a) 2 years or more after the issue of Options to it or its Associate; or

- (b) because of Retirement, Total and Permanent Disablement, Redundancy, death or any other circumstances approved by the Board,

the Options may be exercised within 30 days after ceasing to be an Employee (or within 3 months, in the case of death) or any longer period permitted by the Board. If not exercised within that period, the Options will immediately lapse.

- (5) If a Participant ceases to be an Employee and paragraph 5.4 does not apply, Options issued in relation to the Participant immediately lapse.
- (6) If the Board determines that
 - (a) a Participant has acted fraudulently, dishonestly or in breach of the Participant's obligations to the Company or an Associated Company; and
 - (b) Options issued in relation to the Participant are to be forfeited,the Options will immediately lapse.

4.4 Term

Each Option not exercised will expire 4 years after the date that Option was issued.

4.5 Transfers

Options may only be transferred with the approval of the Board.

4.6 Quotation of Options

The Company will not seek quotation of the Options on ASX.

5. PARTICIPATION IN FUTURE ISSUES

- (1) Option holders do not have any right to participate in new issues without first exercising their Options. If the Options are exercised before the record date of an entitlement, the Option holder can participate in a pro rata issue made to the holders of Shares. The Company must notify the Option holder of the proposed issue at least seven (7) Business Days before the record date or within any other time required by the Listing Rules.
- (2) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the rights attaching to an Option will be changed to the extent necessary to comply with the Listing Rules, at the time of the reconstruction.
- (3) The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.
- (4) In the event that a pro rata issue (except a bonus issue) is made to the holders of Shares in the Company, the exercise price of the Options may be reduced according to the following formula:

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

A = the new exercise price of the Option.

O = the old exercise price of the Option.

- E = the number of Shares in the Company into which one Option is exercisable.
- P = the average market price per security (weighted by reference to volume) of the underlying securities in the Company during the five (5) 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 the 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 in the Company.

The terms in this sub-paragraph and in particular the terms "pro rata issue", "underlying securities" and "market price" shall have the same meanings as in the Listing Rules.

- (5) If the Company makes a bonus issue to holders of Shares, the number of Shares over which an Option is exercisable will be increased (without any increase in the Exercise Price) by the number of Shares or other securities the that Option holder would have received if the Option had been exercised prior to the record date for that bonus issue.

6. ADVICE

The Company must give notice to each Option holder of any adjustment to the number of Shares which the holder is entitled to subscribe for or be issued on exercise of an Option, or any adjustment to the Exercise Price per Share, in accordance with the Listing Rules.

7. NOTICES

Notices may be given by the Company to Option holders in the manner prescribed by the constitution of the Company for the giving of notices to members of the Company and the relevant provisions of the constitution of the Company apply with all necessary modification to notices to Option holders.

8. OVERRIDING RESTRICTIONS ON ISSUE AND EXERCISE

Notwithstanding any of these Terms and Conditions or the terms of any Option, Options may only be issued or exercised within the limitations imposed by the Corporations Act and the Listing Rules.

9. ADMINISTRATION OF THE SCHEME

- (1) The Scheme will be administered by the Board in accordance with these Terms and Conditions. The Board may make regulations for the operation of the Scheme which are consistent with these Terms and Conditions.

- (2) Any power or discretion which is conferred on the Board by these Terms and Conditions may be exercised by the Board in the interests or for the benefit of the Company, in its absolute and uncontrolled discretion,
- (3) Any power or discretion which is conferred on the Board by these Terms and Conditions may be delegated by the Board to any one or more persons for such a period and on such terms as the Board thinks fit
- (4) The decision of the Board as to the interpretation, effect or application of these Terms and Conditions will be final and conclusive.

10. AMENDMENTS

These Terms and Conditions may only be amended in accordance with the Corporations Act and the Listing Rules.

11. RIGHTS OF PARTICIPANTS

Nothing in these Terms and Conditions:

- (a) confers on any Employee or Associate the right to receive any Options;
- (b) confers on any Participant the right to continue as an Employee;
- (c) affects any rights which the Company or an Associated Company may have to terminate the employment or the appointment to office of any Employee; or
- (d) may be used to increase damages in any action brought against the Company or an Associated Company in respect of any termination of employment or appointment to office of any Employee.

12. TAX LIABILITY

Neither the Company nor an Associated Company will be liable for any tax imposed on any Employee or Associate as a result of any issue of Options pursuant to the Scheme.

SCHEDULE

Lawson Gold Limited Employee Option Scheme

Acceptance Form

TO: The Directors
 Lawson Gold Limited

Name of Employee:

Residential Address:

.....

Maximum number of Options allocated:

Exercise Price:

Acceptance Closing Date:

I, the abovenamed, hereby accept the following number of the Options over Shares in Lawson Gold Limited allocated to me:

No. of Options:

Name of Associate to be issued and allotted Options (if applicable):

.....

To be completed by Employee

I agree to be bound by the Terms and Conditions of the Lawson Gold Limited Employee Option Scheme and, if no Associate is specified above, the terms of the Options and the Constitution of Lawson Gold Limited, in respect of the number of Options specified above.

.....
(Signature of Employee)

.....
(Date)

To be completed by Associate (if specified)

I/We, the Associate named above, agree to be bound by the Terms and Conditions of the Lawson Gold Employee Option Scheme, the terms of the Options and by the Constitution of Lawson Gold Limited in respect of the number of Options specified above.

.....
Signature of Associate*

.....
Name (please print)

*If the Associate is a company, this agreement must be signed by an authorised officer of the company

.....
(Date)



Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 084 160
(outside Australia) +61 3 9415 4655

Proxy Form

For your vote to be effective it must be received by 9:30am (Adelaide time) Tuesday 25 November 2014

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com



Review your securityholding



Update your securityholding

Your secure access information is:

SRN/HIN:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Lawson Gold Limited hereby appoint

☐

the Chairman
of the Meeting

OR



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Lawson Gold Limited to be held at HLB Mann Judd, 169 Fullarton Road, Dulwich, South Australia on Thursday, 27 November 2014 at 9:30am (Adelaide time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 1 & 4** (except where I/we have indicated a different voting intention below) even though **Items 1 & 4** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 1 & 4** by marking the appropriate box in step 2 below.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Ordinary Business

	For	Against	Abstain
1 Adoption of Remuneration Report	☐	☐	☐
2 Re-election of Donald Stephens as Director	☐	☐	☐
3 Approval of 10% Placement Facility	☐	☐	☐
4 Approval of Employee Option Scheme	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /