

SOUTHERN GOLD LIMITED
(ACN 107 424 519)

DIVIDEND REINVESTMENT PLAN

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TERMS AND CONDITIONS

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this document, unless the context otherwise requires:

“the Company” means Southern Gold Limited ACN 107 424 519.

“Directors” means the board of directors of the Company from time to time.

“Notice” means the notice of dividend election set out in this Plan as amended, replaced and substituted from time to time.

“Non Participant” means a shareholder who is not participating in the Plan.

“Participant” means a shareholder who elects to participate in the Plan.

“Participating Shares” means Shares which are subject to the terms and conditions of the Plan.

“Plan” means the Southern Gold Dividend Reinvestment Plan and incorporates the terms and conditions of the Plan as defined herein.

“Plan Shares” means Shares issued pursuant to the Plan.

“Record Date” means the date of closing of the Share Register for determination of entitlements to payment of the relevant dividend.

“Shareholder” means a person, including a corporation, being the registered holder of Shares.

“Shares” means fully paid ordinary shares in the capital of the Company.

“Share Register” means the register of Shareholders.

1.2 Interpretation

In this document, unless the contrary intention appears:

- (a) a business day is a day on which trading banks are open for general business in South Australia;

- (b) the singular includes the plural and vice-versa;
- (c) words denoting a gender include all genders;
- (d) if a word or phrase is defined cognate words and phrases have corresponding definitions;
- (e) words denoting an individual or person include a corporation, firm, authority, government or government authority;
- (f) any power, authority or discretion vested in the Company or the Directors may be exercised at any time and from time to time; and
- (g) time is to local time in Adelaide.

2. PARTICIPATION IN THE PLAN

- 2.1 Participants in the Plan shall be subject to the terms and conditions detailed in this document.
- 2.2 Participation in the Plan is optional and not transferable.
- 2.3 Subject to certain restrictions on overseas Shareholders, all Shareholders are eligible to participate in the Plan.
- 2.4 A Shareholder who is subject to the laws of a country or place other than Australia may not participate in the Plan until the Directors are satisfied (in their absolute discretion) that such participation will not constitute a breach of laws of that country or place whether or not that Shareholder has received an invitation to participate in the Plan. In exercising their discretion, the Directors may, without limitation, have regard to the costs (both initial and ongoing) in relation to complying with the laws of any other country and the number and shareholding of Shareholders in that country.
- 2.5 Participation may, subject to the terms and conditions, be varied or terminated by a Shareholder at any time.

3. NOTICE OF DIVIDEND ELECTION TO PARTICIPATE

- 3.1 A Notice to participate in the Plan will be effective only if:
 - (a) given on the form supplied by the Company for that purpose;
 - (b) it contains sufficient details to enable the Shareholder's account to which the Notice relates to be clearly identified; and
 - (c) signed or executed (in the case of a corporation) by the Shareholder,

unless the Directors in their absolute discretion decide to accept and treat as valid a Notice which does not satisfy these requirements.

- 3.2 A Notice to participate in the Plan must be received by the Company for each shareholding account of a Shareholder which they wish to nominate for participation in the Plan. Each Notice will need to correctly identify the shareholding account to which that Notice relates.
- 3.3 A Notice must be received by the Company before 5.00pm on the Closing Date for DRP Elections to enable Shares being subject of the Notice to participate in the Plan for that dividend.
- 3.4 A Notice is effective upon receipt by the Company.
- 3.5 A Notice remains in force until the Company receives a new Notice by the Shareholder varying that Shareholder's election. Shares which are sold or otherwise transferred will cease to participate in the Plan upon the date of registration of transfer.

4. DEGREE OF PARTICIPATION

- 4.1 Shareholders may participate in the Plan in respect of all Shares registered in a Shareholder's name ("**full participation**") or in respect of a specific number of Shares which is less than the total number of Shares so registered ("**partial participation**").
- 4.2 Eligible Shareholders who wish to participate in the Plan shall specify on the Notice the degree to which they wish to participate in the Plan, by either ticking the box marked "Full Participation" for full participation or specifying the number of Shares which the Shareholder wishes to have participate in the Plan for partial participation.
- 4.3 Under full participation, all Shares registered in the Participant's name from time to time, including Plan Shares issued pursuant to the Plan, will be subject to the Plan.
- 4.4 Under partial participation only that number of Shares specified by the Participant will be subject to the Plan. However, a Participant may elect that Plan Shares issued pursuant to the Plan, will be subject to the Plan by lodging an additional Notice subsequent to the receipt of the share certificate in respect of those Plan Shares.
- 4.5 Notices of Dividend Election received by the Company which:
- (a) do not indicate the degree of participation; or
 - (b) indicate a number of Shares participating in excess of the number of Shares held by the Shareholder making the election,

will be deemed to be a Notice for full participation and the Company shall not be liable to the Shareholder for any loss, damage or claim in respect of this participation as a result of the operation of this provision.

- 4.6 No responsibility will be taken by the Company for transfers that are not entered on, or removed from, the Share Register prior to the relevant Record Date.

5. OPERATION OF THE PLAN

- 5.1 Subject to clause 5.5, each dividend which is payable to a Shareholder in respect of Participating Shares and is available for payment to the Participant will be applied by the Company on the Participant's behalf in subscribing for Shares.
- 5.2 The Company will establish and maintain a Plan account for each Participant.
- 5.3 The Company will, in respect of each dividend payable to a Participant:
- (a) determine the amount of the dividend to be payable in respect of Participating Shares;
 - (b) credit that amount to the Participant's Plan account;
 - (c) determine the number of Shares to be issued in accordance with clause 5.4; and
 - (d) issue that number of Shares to the Participant.
- 5.4 Subject to clause 5.5, the number of Plan Shares issued ("**X**") shall be calculated by the formula:

$$X = \frac{D - WT}{C}$$

provided that any fractional result that is equal to or more than 0.5 shall be rounded up to the nearest whole number and any fractional result that is less than 0.5 shall be rounded down to the nearest whole number and the remaining fraction (if any) disregarded for all current and future purposes.

Where:

"**D**" is the ordinary dividend payable in cents per Share multiplied by the number of Participating Shares registered in the name of the shareholder as at the Record Date;

"**WT**" is any withholding tax or other sum the Company is entitled or required to retain in relation to the dividend to which the Participating Shares are entitled; and

"**C**" is the issue price per Share, or formula for the determination of the issue price, as designated by the Directors.

- 5.5 Clause 5.1 will not apply where the application of the formula in clause 5.4 would otherwise result in the issue of less than 100 shares to a Participant, in

which case Shares will not be issued under the Plan and dividends will be paid in cash.

6. PLAN SHARES ISSUED UNDER THE PLAN

- 6.1 Plan Shares issued under the Plan will rank equally in all respects with existing Shares and will participate in all dividends subsequently declared.
- 6.2 Shares issued under the Plan will be registered on the register on which the Participating Shareholder's existing holding of fully paid ordinary shares are registered at that time.
- 6.3 A statement of holding will be issued for the total number of Plan Shares issued under the Plan in respect of each dividend and will be forwarded to Participants as soon as practicable thereafter.
- 6.4 Within 10 business days of each issue under the Plan the Company will arrange for Shares so issued to be quoted on the official list of the Australian Stock Exchange Limited (provided that the Shares are listed on the Australian Stock Exchange Limited) and to be quoted, as soon as practicable, on all other stock exchanges on which the Shares are listed for quotation.

7. COSTS

Participants will not be liable for the payment of any brokerage, commission or other transaction costs in respect of any issue of Plan Shares. All administrative costs will be borne by the Company.

8. STATEMENT TO PARTICIPANTS

Following the payment of each dividend the Company will provide Participants with a statement detailing:

- (a) the number of Shares nominated which are participating in the Plan;
- (b) the dividend paid on those Shares, its status as a franked or unfranked dividend, and any imputation tax credit; and
- (c) the number of new Shares issued and the issue price at which each has been issued.

9. VARIATION OR TERMINATION OF PARTICIPATION WHERE NOTICE GIVEN

- 9.1 After joining the Plan a Participant may, at any time, give notice in writing to the Company to:

- (a) increase or decrease the number of Participating Shares subject to any minimum and or maximum number of shares to participate in the Plan that the Directors may from time to time specify; or
 - (b) terminate the participation in the Plan.
- 9.2 Notices must be given in the form of the Notice and correctly signed or executed (in the case of a corporation) by the Shareholder.
- 9.3 A Notice must be received by the Company for each of the shareholding accounts for which the shareholder wishes to vary their participation in the Plan.
- 9.4 Upon the death of a Participant, participation in the Plan will be terminated only upon receipt by the Company of a notice of death from the Participant's legal personal representative.

10. REDUCTION OR TERMINATION

- 10.1 Where a Participant's holding of Participating Shares is partially disposed of, the Participant's right to participate cannot be transferred on sale and the Shares disposed of will cease to be Participating Shares from the date of registration of transfer.
- 10.2 Where a Participant's entire holding of Shares is disposed of, such thereof as are Participation Shares will cease to participate in the Plan from the date of registration of the transfer.

11. NOTICES

Notices together with all other notices and requests to the Company shall be in writing and in the required form as directed by the Company from time to time and shall be effective upon receipt by the share registrar at the following address:

Security Transfer Registrars Pty Ltd
PO Box 52
Collins Street West VIC 8007

or such other address as is notified to Shareholders from time to time.

12. VARIATION OF THE PLAN

- 12.1 The terms and conditions of the Plan may be varied by the Directors when they consider it appropriate (in their absolute discretion) and the Plan may be suspended or terminated by the Directors when they consider such to be expedient (in their absolute discretion). Participants will be advised of any variation, suspension or termination of the Plan in such form and in such manner as the Directors may in their absolute discretion determine, and in particular, without limiting the generality of the foregoing, may be given by advertisement published in any newspaper circulating generally in Australia.

- 12.2 A suspension of the Plan will continue until such time as the Directors resolve either to recommence or terminate the Plan. If the Plan is recommenced, elections as to participation in respect of the previously suspended Plan shall be valid and have full force and effect in accordance with these terms and conditions for the purposes of the recommenced Plan.
- 12.3 The accidental omission to give notice of variation, suspension or termination to any Participant or the non-receipt of any notice by any Participant will not invalidate the variation, suspension or termination of the Plan.

13. TAXATION

The Company takes no responsibility for the taxation liabilities of Participants. Specific taxation advice, if required, should be obtained by the Participant at the Participant's expense.

14. ADMINISTRATION OF THE PLAN

- 14.1 The plan will be administered by the Directors who shall have power to:
- (a) determine appropriate procedures for administration of the Plan consistent with the provision of these Terms and Conditions;
 - (b) resolve conclusively all questions of fact or interpretation in connection with the Plan;
 - (c) waive strict compliance with any of the provisions of these Terms and Conditions; and
 - (d) delegate to any one or more persons for such period and upon such conditions as they may determine, the exercise of any of their powers or discretions arising under the Plan.
- 14.2 The Plan and the operation of the Plan shall be governed by the laws of South Australia.