

MIDDLE ISLAND RESOURCES LIMITED
ACN 142 361 608

FULLY UNDERWRITTEN ENTITLEMENT OFFER PROSPECTUS

For a non-renounceable entitlement offer of one (1) Share for every two (2) Shares held by Eligible Shareholders, at an issue price of \$0.004 per Share to raise up to \$2.35 million (being an issue of 588,426,078 Shares (subject to rounding), based on the number of Shares on issue as at the date of this Prospectus), together with one (1) free attaching New Option for every one (1) Share subscribed for and issued (**Offer**).

The Offer is fully underwritten by Pinnacle Corporate Finance Pty Ltd (**Underwriter**). Refer to section 8.1 for details regarding the terms of the Underwriting Agreement.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered or any other matter arising under this Prospectus, then you should consult your stockbroker, accountant or other professional adviser.

An Investment in the Securities offered by this Prospectus should be regarded as highly speculative.

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1. CORPORATE DIRECTORY

Directors

Peter Thomas (Non-Executive
Chairman)
Rick Yeates (Managing Director)
Beau Nicholls (Non-Executive Director)
Bradley Marwood (Non-Executive
Director)

Company Secretary

Dennis Wilkins

Registered Office

Suite 2
11 Ventnor Avenue
WEST PERTH WA 6005

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Email: info@middleisland.com.au
Website: www.middleisland.com.au

ASX Code

MDI

Share Registry*

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Telephone: (08) 9315 2333
Fax: (08) 9315 2233

Solicitors to the Offer

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Underwriter and Lead Manager

Pinnacle Corporate Finance Pty Ltd
Level 28
140 St George's Terrace
PERTH WA 6000

Auditor*

Greenwich & Co
Level 2
267 St Georges Terrace
PERTH WA 6000

*These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

2. TIMETABLE

Lodgement of Prospectus with the ASIC (pre-market open)	13 January 2020
Lodgement of Prospectus & Appendix 3B with ASX (pre-market open)	13 January 2020
Ex-date	15 January 2020
Record Date for determining Entitlements	16 January 2020
Offer opening date, Prospectus sent out to Shareholders & Company announces this has been completed	21 January 2020
Last day to extend the Closing date	7 February 2020
Closing date (Offer closes 5:00pm WST)*	12 February 2020
Securities quoted on a deferred settlement basis	13 February 2020
ASX notified of under subscriptions	17 February 2020
Issue date/Securities entered into Shareholders' security holdings/lodgement of Appendix 2A with ASX	19 February 2020
Quotation of Shares issued under the Offer	20 February 2020

*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. Accordingly, the date the Securities commence trading on ASX may vary from the date timetabled therefor.

3. IMPORTANT NOTES

This Prospectus is dated 13 January 2020 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. An investment in the Securities the subject of this Prospectus should be regarded as speculative.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with Section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus consideration has been given to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Potential investors should be aware that subscribing for Securities in the Company involves a number of serious risks. The key risk factors of which investors should be aware are set out in section 7. These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, are likely to affect the value of the Shares. Accordingly, an investment in the Company should be regarded as highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of one (1) Share for every two (2) Shares held by Eligible Shareholders at an issue price of \$0.004 per Share, together with 1 New Option for every one (1) Share subscribed for and issued. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus (and assuming no existing Options are exercised prior to the Record Date), a maximum of approximately 588,426,078 Shares and 588,426,078 New Options will be issued pursuant to this Offer to raise approximately \$2,353,704 (before costs of the Offer). No funds will be raised from the issue of the New Options.

As at the date of this Prospectus the Company also has 405,950,719 Options on issue, all of which are well out of the money and are therefore highly unlikely to be exercised prior to the Record Date.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to section 6.1 for further information regarding the rights and liabilities attaching to the Shares.

All of the New Options offered under this Prospectus will be issued on the terms and conditions set out in section 6.2 of this Prospectus.

The purpose of the Offer and the intended use of funds raised are set out in section 5.1.

4.2 Minimum subscription

On the basis that the Offer is fully underwritten, the minimum subscription is the full subscription under this Offer, being \$2,353,704.

4.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, you will be taken to have applied for Shortfall Shares (if any) under the Shortfall Offer, to the extent of the excess.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form.
- (b) if you wish to accept your **full** Entitlement **and apply for additional Shortfall Securities**:
 - (i) complete the Entitlement and Acceptance Form for the amount indicated on your Entitlement and Acceptance Form plus any additional Shortfall Shares you wish to apply for. You will be deemed to have applied for that number of Shortfall Shares

which in aggregate with your Entitlement is covered in full by your application monies. In order to participate in the Shortfall Offer, you must apply for your Entitlement in full; and

- (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form.
- (c) if you only wish to accept **part** of your Entitlement:
- (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate Application Monies (at \$0.004 per Share).
- (d) if you do not wish to accept all or part of your Entitlement, do nothing.

The Offer is non-renounceable. Accordingly, you cannot sell or transfer all or part of your Entitlement.

One New Option will be issued for every one (1) Share subscribed for and issued under the Offer and Shortfall Offer.

4.4 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Middle Island Resources Limited" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the address specified on the Entitlement and Acceptance Form no later than 5:00pm WST on the Closing Date.

4.5 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form;
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application Monies; and
- (c) if you pay more than is required to subscribe for your Entitlement, you will be taken to have applied for Shortfall Shares (if any) under the Shortfall Offer, to the extent of the excess.

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings you must use only the unique customer reference number (**CRN**) specific to that Shareholding as set out in the applicable

Entitlement and Acceptance Form. Do not use the same CRN for more than one of your Shareholdings. This can result in your Application Monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any application in respect of your remaining Shareholdings will not be valid).

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 4:00 pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. The Company will not be responsible for any delays in the receipt of the BPAY® payment. Any Application Monies received for more than your final allocation of Shares (where the excess payment is \$1.00 or greater) will be refunded. No interest will be paid on any Application Monies received or refunded.

4.6 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form with a cheque or paying any Application Monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the application may not be varied or withdrawn except as required by law.

4.7 Underwriting

The Offer is fully underwritten by the Underwriter. Refer to section 8.1 for details of the terms of the underwriting.

Bradley Marwood, a Director of the Company, has entered into an agreement with the Underwriter to sub-underwrite the Offer up to \$50,000 (representing 12,500,000 Shares and 12,500,000 New Options, inclusive of any Entitlement taken up by Mr Marwood). The Underwriter will pay Mr Marwood a fee of 2% of the sub-underwritten amount for these services (being \$,1000).

Eyeon Investments Pty Ltd, a company controlled by Stephen Copulos (a substantial shareholder of the Company), has entered into an agreement with the Underwriter to sub-underwrite the Offer up to \$500,000 (representing 125,000,000 Shares and 125,000,000 New Options, inclusive of any Entitlement taken up by Eyeon Investments Pty Ltd). The Underwriter will pay Eyeon Investments Pty Ltd a fee of 4% of the sub-underwritten amount for these services (being \$20,000).

Mr Marwood and Eyeon Investments Pty Ltd are each priority sub-underwriters, who will receive Shortfall in priority to other general sub-underwriters (if any).

The allocation of Shortfall between sub-underwriters will, subject to the abovementioned priority arrangement, be allocated pro-rata to their respective sub-underwriting commitments.

4.8 Effect on control on the Company and potential dilution to Shareholders

The Underwriter currently holds 17,679,346 Shares in the Company. The extent to which Shares are issued to the Underwriter pursuant to the Underwriting Agreement will determine the Underwriter's voting power in the Company. The Underwriter's present voting power and changes to that voting power under various scenarios are set out in the table below:

Event	Shares held by Underwriter	Voting power of Underwriter
Date of Prospectus	17,679,346	1.50%
Completion of Entitlement Issue:		
Fully subscribed	17,679,346	1.00%
75% subscribed	164,785,866	9.33%
50% subscribed	311,892,385	17.67%
25% subscribed	458,998,905	26.00%
0% subscribed	606,105,424	34.33%

The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Offer. However, it is unlikely that no Shareholders will take up entitlements under the Offer or that the Underwriter (as distinct from sub-underwriters or other investors) will subscribe for the entirety of the shortfall. The underwriting obligation and therefore voting power of the Underwriter will reduce by an amount corresponding to the Entitlements or Shortfall taken up by Shareholders. Furthermore, the voting power of the Underwriter will also be reduced to the extent that sub-underwriters take up any Shortfall and/or the Underwriter procures subscriptions for the Shortfall from other investors.

Mr Marwood does not currently hold any Shares. Assuming Mr Marwood is required to sub-underwrite the full amount of \$50,000, Mr Marwood will have a relevant interest in 0.71% of the Shares on issue following completion of the Offer, based on the capital structure outlined in section 5.4 (on an undiluted basis).

As at the date of this Prospectus, Mr Stephen Copulos (together with his associates) holds 76,600,000 Shares, of which Eyeon Investments Pty Ltd (an entity controlled by Mr Stephen Copulos) holds 37,500,000 Shares. Assuming Eyeon Investments Pty Ltd follows its rights as an Eligible Shareholder and is required to sub-underwrite the full amount of \$500,000 (inclusive of any Entitlement taken up), Mr Copulos' relevant interest in the Company could increase to a maximum of 12.53% upon completion of the Offer, based on the capital structure outlined in section 5.4 (on an undiluted basis).

The Company and the Underwriter have confirmed that no sub-underwriter nor existing Shareholder will increase its voting power to above 19.9% as a result of the Offer (on an undiluted basis).

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 33.33% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders assuming no Options are exercised is set out in the table below:

Holder	Holding as at Record Date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	100,000,000	8.5%	50,000,000	100,000,000	5.7%
Shareholder 2	50,000,000	4.2%	25,000,000	50,000,000	2.8%
Shareholder 3	15,000,000	1.3%	7,500,000	15,000,000	0.8%
Shareholder 4	4,000,000	0.3%	2,000,000	4,000,000	0.2%
Shareholder 5	500,000	0.04%	250,000	500,000	0.03%

Notes:

- Percentages post-Offer have been calculated on the basis of there being 1,765,278,234 Shares on issue on completion of the Offer. Refer to section 5.4 for further details of the Company's capital structure.

4.9 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will be the subject of the Shortfall Offer. The Shortfall Offer is a separate offer pursuant to this Prospectus and will remain open for up to three months following the Closing Date.

The Company will allow Eligible Shareholders (excluding related parties of the Company) to apply for Shares and New Options under the Shortfall Offer subject to such applications being received by the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.004 being the price at which Shares have been offered under the Offer.

The allocation of the Shortfall Securities will be at the discretion of the Underwriter, in conjunction with the Company. The Underwriter does not intend to refuse an application for Shortfall Securities from Eligible Shareholders other than in circumstances of oversubscription or where acceptance may result in a breach of the Corporations Act. If the number of Shortfall Securities applied for by Eligible Shareholders exceeds the total Shortfall, the Shortfall Securities will be allocated among applying Eligible Shareholders proportionate to their existing holdings.

The Company notes that no Shares will be issued to an applicant under this Prospectus or via the Shortfall Offer if the issue of Shares would contravene the takeover prohibition in Section 606 of the Corporations Act.

4.10 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the indicative timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Securities and will repay all Application Monies for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

4.11 Issue of Securities

Securities issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and indicative timetable set out at the commencement of this Prospectus.

As the Offer is fully underwritten, Securities issued pursuant to the Shortfall Offer will be issued on the same date, in accordance with the indicative timetable set out at the commencement of this Prospectus. Where the number of Securities issued to an Applicant pursuant to the Shortfall Offer is less than the number applied for, or where no issue is made, surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offer will be mailed in accordance with the ASX Listing Rules and indicative timetable set out at the commencement of this Prospectus.

4.12 Overseas shareholders

This document is only intended to be distributed and made available to existing Shareholders and is personal to each Shareholder to whom it has been delivered. The Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable or financially viable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered, and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia and New Zealand.

If you are outside Australia or New Zealand it is your responsibility to obtain all necessary approvals for the issue of the Securities pursuant to this Prospectus. The return of a completed Application Form or payment of any Application Monies by BPAY® will be taken by the Company to constitute a representation and warranty by you to the Company that all relevant approvals have been obtained.

New Zealand

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

Nominees and custodian

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any person resident outside Australia and New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form or paying any Application Monies by BPAY® will constitute a representation by you to the Company that there has been no breach of those regulations.

4.13 Enquiries

Any questions concerning the Offer should be directed to Mr Dennis Wilkins, Company Secretary, on +61 8 9389 2111.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$2,353,704. No funds will be raised from the issue of the New Options.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription(\$)	%
Allocation of funds			
1.	Aircore Drilling	127,000	5.40%
2.	Phase 1 RC Drilling	957,000	40.66%
3.	Phase 2 RC Drilling	261,000	11.09%
4.	Geotech/Metallurgical Diamond Drilling	272,000	11.56%
5.	Resource Estimation & Pit Optimisation	90,000	3.82%
6.	Corporate & Administration Costs and general working capital	446,704	18.98%
7.	Expenses of the Offer	200,000	8.50%
	Total	2,353,704	100.0

With the funds raised under the Offer, the Company will seek to define and convert sufficient additional Mineral Resources into Ore Reserves, to justify recommissioning the Sandstone processing plant, along with provision for budgeted corporate and administration costs and additional working capital.

Exploration will focus on the definition and quantification of new and extended deposits on already permitted, higher grade, low strip ratio, open pit targets and deposits, proximal to the Sandstone processing plant, to supplement existing Mineral Resources intended as the prelude to recommencing the updated prefeasibility study (**PFS**). It is proposed that drilling will be completed on some 15 targets and deposits, which have been prioritised on the basis of a comprehensive technical review.

Exploration and resource definition will entail at least two drilling campaigns. The first will comprise an aircore program (~2,300m) to refine identified targets beneath sheetwash cover and to confirm/quantify interpreted residual laterite deposits. This will be followed by an extensive (~11,200m) Phase 1 program of RC drilling to confirm and quantify existing targets and deposits, including interpreted extensions to existing Mineral Resources.

The Company anticipates that a further, Phase 2, RC drilling program (notionally ~3,000m) will likely be required to upgrade any Inferred Mineral Resources identified via the Phase 1 RC drilling into an Indicated category, prior to recommencing the updated PFS.

Provision is made for large diameter diamond core drilling (~800m) to provide material for additional oxide bulk density determinations, along with geotechnical and metallurgical parameters, for any new deposits defined.

Provision is also made to estimate new and/or update existing Mineral Resources and undertake pit optimisation/re-optimisation of these deposits prior to re-commencing the updated PFS, such that these may be incorporated into Ore Reserves.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied, particularly where drilling requirements and priorities may change in response to the results. The Board reserves the right to alter the way funds are applied.

5.2 Effect of the Offer

The principal effect of the Offer, assuming no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$2,353,704 (prior to deducting the estimated expenses of the Offer) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 1,176,852,156 as at the date of this Prospectus to approximately 1,765,278,234 Shares following completion of the Offer; and
- (c) increase the number of Options on issue from 405,950,719 as at the date of this Prospectus to 994,376,797 following completion of the Offer.

5.3 Pro-forma balance sheet

The unaudited balance sheet as at 30 November 2019 and the unaudited pro-forma balance sheet as at 30 November 2019 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes that will result to its financial position as a consequence of the Offer.

The pro-forma balance sheet has been prepared assuming no Options are exercised prior to the Record Date and includes expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Unaudited	Unaudited Proforma
	30/11/2019	30/11/2019
CURRENT ASSETS		
Cash and cash equivalents	592,577	2,746,281
Trade and other receivables	36,330	36,330
Financial assets at fair value through profit or loss	250,448	250,448
TOTAL CURRENT ASSETS	879,355	3,033,059

	Unaudited	Unaudited Proforma
	30/11/2019	30/11/2019
NON-CURRENT ASSETS		
Property, plant and equipment	2,061,610	2,061,610
Mining properties	1,344,506	1,344,506
TOTAL NON-CURRENT ASSETS	3,406,116	3,406,116
TOTAL ASSETS	4,285,471	6,439,175
CURRENT LIABILITIES		
Trade and other payables	68,386	68,386
Borrowings	12,039	12,039
Employee benefit obligations	60,353	60,353
TOTAL CURRENT LIABILITIES	140,778	140,778
NON-CURRENT LIABILITIES		
Rehabilitation provisions	1,203,417	1,203,417
TOTAL NON-CURRENT LIABILITIES	1,203,417	1,203,417
TOTAL LIABILITIES	1,344,195	1,344,195
NET ASSETS	2,941,276	5,094,980
EQUITY		
Contributed equity	36,790,415	38,886,619
Reserves	525,743	583,243
Accumulated losses	(34,374,882)	(34,374,882)
TOTAL EQUITY	2,941,276	5,094,980

The pro-forma balance sheet assumes the following:

- (a) the issue of 588,426,078 Shares under the Offer at \$0.004 each to raise approximately \$2,353,704;
- (b) the estimated costs of the Offer are approximately \$200,000, which amounts are shown as a deduction against contributed equity; and
- (c) the issue of 25,000,000 New Options to the Underwriter (or its nominee), valued at \$57,500 using the Black-Scholes European Option Pricing Model and shown as an increase in reserves and a deduction against contributed equity, has been completed. For clarity, these Options are being issued pursuant to the Underwriting Agreement in replacement of the 25,000,000 Options that were proposed to be issued to the Underwriter as part consideration for lead managing the Company's recent placement, as announced on 19 November 2019.

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming no Options are exercised prior to the Record Date, is set out below.

Shares

	Number
Shares currently on issue	1,176,852,156
Shares offered pursuant to the Offer/Shortfall Offer	588,426,078
Total Shares on issue after completion of the Offer/Shortfall Offer	1,765,278,234

Options

	Number
Options currently on issue:	
Unquoted exercisable at \$0.03 on or before 8 November 2021	30,000,000 ¹
Unquoted exercisable at \$0.008 on or before 31 January 2022	375,950,719 ¹
New Options offered pursuant to the Offer/Shortfall Offer	588,426,078
Total Options on issue after completion of the Offer/Shortfall Offer	994,376,797²

Notes:

1. The terms of these Options provide that if the Company makes a pro rata issue of securities (except a bonus issue) to the holders of ordinary shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend investment) the Option exercise price shall be reduced according to the formula specified in the ASX Listing Rules. Upon completion of the Offer, the exercise price of these Options will therefore be amended in accordance with ASX Listing Rule 6.22.2.
2. Subject to the receipt of Shareholder approval, the Company also proposes to issue an additional 128,000,000 Options (on identical terms to the New Options), comprising:
 - a. 25,000,000 Options to the Underwriter (refer to section 5.3(c) for further details), as part consideration for agreeing to underwrite the Offer, pursuant to the Underwriting Agreement (as summarised in section 8.1); and
 - b. 103,000,000 Options to participants in tranche 1 of the Company's recently completed placement (as announced on 19 November 2019).

No securities on issue are subject to escrow restrictions, either voluntary or ASX imposed.

5.5 Substantial Holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%	Entitlement (Shares)	Entitlement (New Options)
Harmanis Holdings Pty Ltd <Harman Family A/C>	112,861,336	9.6%	56,430,668	56,430,668
Twynam Investments Pty Ltd	100,000,000	8.5%	50,000,000	50,000,000
Stephen Copulos	76,600,000 ¹	6.5%	38,300,000	38,300,000
Lomacott Pty Ltd <The Keogh Super Fund A/C>	75,000,000	6.4%	37,500,000	37,500,000
Richard Yeates	73,446,231	6.2%	36,723,115	36,723,115
Jetosea Pty Ltd	68,802,585	5.9%	34,401,292	34,401,292

In the event that all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

Eyeon Investments Pty Ltd, an entity controlled by Mr Stephen Copulos, has entered an agreement with the Underwriter to priority sub-underwrite the Offer up to \$500,000. Refer to sections 4.7 and 4.8 for further details.

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

6.1 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares (at present there are none), at meetings of Shareholders of the Company:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every holder of Shares who is present in person or by proxy, attorney or representative has one vote for every fully paid Share held by him or her, and a proportionate vote for every partly paid Share, registered in such Shareholder's name on the Company's share register.

(b) Dividends

Dividends are payable out of the Company's profits and are declared by the Directors. Subject to the rights of holders of shares issued with special, preferential or qualified rights (at present there are none, any dividends declared shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

(c) Winding Up

Subject to the rights of holders of shares with special rights in a winding up (at present there are none), on a winding up of the Company all assets that may be legally distributed among members will be distributed in proportion to the number of Shares held by them, irrespective of the amount paid-up or credited as paid up on the Shares.

(d) Transfer of Shares

Subject to the Constitution, the Corporations Act, the ASX Settlement Operating Rules and ASX Listing Rules, Shares are freely transferable.

(e) **Issue of further Shares**

The issue of any Shares is under the control of the Directors. Subject to restrictions on the issue of Shares to Directors or their associates, the ASX Listing Rules, the Constitution and the Corporations Act, the Directors may issue or otherwise dispose of Shares on such terms and conditions as they see fit.

(f) **General Meetings**

Each Shareholder is entitled to receive notice of and to attend general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution or the Corporations Act.

(g) **Variation of Rights**

Subject to the terms of issue of shares in a particular class, the Company, with the sanction of a special resolution passed at a meeting of Shareholders or with the consent in writing of members who are entitled to at least three quarters of the votes that may be cast in respect of Shares in that class, may vary or cancel the rights attached to shares in that class or convert shares from one class to another class.

(h) **Shareholder Liability**

As the new Shares will be fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(i) **Alteration to the Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

6.2 **New Options**

The New Options offered pursuant to this Prospectus will be issued on the following terms and conditions.

(a) **Entitlement**

- (i) Subject to paragraphs Schedule 1(e), Schedule 1(f) and Schedule 1(g) below, each New Option entitles the registered Option holder to subscribe for and be issued one Share, credited as fully paid, at an exercise price of \$0.0077 per Share.
- (ii) The Company must, as soon as it is reasonably practicable to do so, issue Shares on exercise of the New Option in accordance with the ASX Listing Rules and register the Option holder or its nominee as a Shareholder in the register of members in respect of the Shares so issued. No New Option may be exercised if to do so would contravene the Corporations Act or the ASX Listing Rules.

- (iii) Shares issued on the exercise of New Options will rank pari passu with all existing Shares in the capital of the Company from the date of issue.

(a) **Exercise of Options**

- (i) A New Option is exercisable by the registered Option holder lodging notice of exercise of option together with the exercise price for each Share to be issued on exercise and the relevant option holding statement, at any office of the Company's share registrar. The New Options may be exercised in whole or in part and, if exercised in part, multiples of 100,000 must be exercised on each occasion. Subject to the expiry date, the exercise of some New Options only does not affect the registered Option holder's right to exercise other Options at a later time.
- (ii) Remittances must be made payable to the Company and cheques should be crossed "not negotiable".
- (iii) The New Options may be exercised at any time on or before 5.00pm WST on 31 January 2022.
- (iv) A New Option not exercised by 5.00pm WST on 31 January 2022 lapses.

(b) **Transfer**

Subject to any restrictions imposed by ASX, New Options may be transferred at any time before lapsing.

(c) **Dividends**

Shares issued on any exercise of a New Option will rank pari passu with all existing Shares in the capital of the Company from the date of issue and will be entitled to dividend for which the books closing date for determining entitlements falls after the date of issue.

(d) **Bonus issue**

- (i) If the Company makes a bonus issue of Shares or other securities pro rata to holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) at a time when:
- (ii) a New Option has not been exercised in full; or
- (iii) a New Option has been exercised, but Shares the subject of the exercise have not been issued in fulfilment of the Company's obligation in that regard, before the record date for determining entitlements to the bonus issue,
- (iv) then the number of Shares over which the New Option is exercisable or has been exercised (as the case may be) will be increased by the number of securities which the holder of the New Option would have received if the New Option had been exercised before the record date for the bonus issue.

(e) **Rights issue**

If the Company makes an offer of Shares pro rata to all or substantially all holders of ordinary Shares (other than a bonus issue or an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the exercise price of the New Options will be adjusted in accordance with the formula set out in Listing Rule 6.22.2.

(f) **Reconstruction**

The rights of an Option holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

(g) **Advice**

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

(h) **Right to participate in future issues**

The Option holder may only participate in new issues of securities to holders of Shares to the extent the Option has been exercised, if that is permitted by its terms, and the Shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give notice to the option holder of any new issue before the books closing date for determining entitlements to the issue in accordance with the ASX Listing Rules.

7. RISK FACTORS

Activities in the Company, as in any business, are subject to risks, which may impact on the Company's performance. The Company has implemented strategies, actions, systems and safeguards for known risks within its control but many impacting variables are beyond the control or influence of the Company.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following.

7.1 Specific risks associated with the Company

(a) Going concern risk

The Company's annual report for the financial year ended 30 June 2019 (**Annual Report**) includes a note on the financial condition of the Company and the possible existence of a material uncertainty about the Company's ability to continue as a going concern.

Notwithstanding the 'going concern' paragraph included in the Annual Report, the Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's current expenditure commitments and short-term working capital requirements

(b) Potential for significant dilution

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares will increase from 1,176,852,156 currently on issue to 1,765,278,234. This means that each Share will represent a significantly lower proportion of the ownership of the Company. However, it is noted that if a Shareholder accepts their Entitlement in full, there will be no change to their percentage ownership in the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters. The last trading price of Shares on ASX prior to the date of this Prospectus is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

(c) Implementation of the Company's strategy

One part of the Company's strategy is to review and consider other business opportunities, including combining the Company's assets with other gold deposits and exploration tenure within the broader Sandstone district. This strategy may result in the Company making acquisitions of, or significant investments in, complementary companies or assets. Any such transactions would be accompanied by risks inherent in making acquisitions of companies and assets. For example, there may be liabilities in connection with such acquisitions that are not identified in the Company's due diligence or the acquisitions may not prove to be

successful. Further, risks associated with such acquisitions will also arise from the Company's ability to execute the acquisition and then to well manage the business operations and growth strategies. In addition, any acquisition may be subject to shareholder and/or regulatory approvals, which may include re-compliance with chapters 1 & 2 of the ASX Listing Rules.

(d) **Risks associated with recommissioning the Sandstone processing plant**

The economic viability of recommissioning the Sandstone processing plant was shown by the original PFS (refer ASX release dated 16 December 2016) to be sub-economic, based on the variables and assumptions then made and applied. The gold price has since increased materially and it is thought that optimisation of the plans set out in the PFS on this basis, may now justify a recommissioning decision. Nevertheless, it might be, absent a further significant increase in the price of gold or a material change in one or more of the other Modifying Factors, that the economic viability of recommissioning the Sandstone processing plant will depend on the identification and/or acquisition of additional Mineral Resources and the subsequent conversion of Mineral Resources to Ore Reserves to justify a plant recommissioning.

Equally, the design and refurbishment of existing processing facilities within budget and on schedule, competent operation and management, and proficient financial management are also recommissioning risks. Any recommissioning can be hampered by a plethora of factors including poor design, inaccurate refurbishment cost or time estimates, force majeure circumstances, environmental considerations and cost overruns caused by delays or unforeseen events.

(e) **Shortage of Funding**

The funds raised by the Offer will be used to pursue the Company's objectives. The Company will require additional funding (over and above the proceeds of the Offer) to meet costs which are (i) not provided for in the use of funds table; or (ii) are unexpected; or (iii) the result of budget overrun.

- (i) The Company's ability to raise further capital, either equity or debt, within an acceptable time, of sufficient quantum and on terms acceptable to the Company will depend on innumerable factors, including but not limited to:
- (ii) prospectively of projects (existing and/or future);
- (iii) the results of exploration, subsequent feasibility studies, development, mining and processing;
- (iv) stock market, financial market and industry conditions; and
- (v) the price of relevant commodities and exchange rates.
- (vi) Any additional financing through share issues will (or instruments convertible into shares may) dilute the proportionate ownership in the Company acquired under this Prospectus. Debt financing may not be available to support the scope and extent of proposed, or any, activities. If available, it may impose restrictions on operating activities.

(vii) No assurance is or could be given that future funding will be available on favourable terms, or at all. If adequate funds are not available on acceptable terms, the Company's ability to develop its projects and seize further opportunities may be stymied.

(f) **Resource Estimates**

Resource and other estimates of rare earth occurrences are expressions of judgment based on knowledge, experience and industry practice. Often these estimates even if appropriate when made but may change significantly when new information becomes available or variable change. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to activities planned with respect to the Company's projects, which may, in turn, favourably or adversely affect the Company's operations, intentions or aspirations.

Any Mineral Resources and/or Ore Reserves at the Sandstone Project will be reviewed by the Company before any recommissioning as a result of using revised cut-off grades based on prevailing costs and commodity prices.

(g) **Development**

Any future discovery may not be commercially viable or recoverable. For a wide variety of reasons, not all discoveries are commercially viable and even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed and exploited.

(h) **Commodity Prices**

Commodity prices, including the price of gold which is the intended lead exploration metal, can fluctuate rapidly and are affected by numerous factors beyond the control of the Company. Just what drives specific commodity prices can be the subject of much sophistic debate but factors may include investor and market sentiment and outlook, production costs, sustaining costs, macroeconomic factors such as actual and expected inflation, interest rates, exchange rates, and global and regional demand for, and supply of, commodities as well as general global economic conditions. These factors may have an adverse effect on the Company's activities as well as the Company's ability to fund those activities.

(i) **Contractors Consultants and Advisors**

The operations of the Company require the involvement of a number of third parties, including suppliers, contractors and consultants. In particular, the Company engages or will engage a number of external contractors and consultants to provide goods and services. Financial failure, default or contractual non-compliance on the part of such third parties may have a material impact on the operations and performance of the Company. It is not possible for the Company to predict or protect the Company against all such risks.

(j) **Title and Tenure**

Exploration tenements are subject to periodic renewal. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

The relevant legislation governing the title and tenure of the Company's tenements is the Mining Act 1978 (WA) and Mining Regulations 1981 (WA).

(k) **Native title and access risk**

The Company's activities in Australia are subject to the Native Title Act 1993 (Cth) and associated law relating to Native Title and Aboriginal land. The Company's exploration and mining activities can be affected by land claim compensation considerations. It is possible that aboriginal sacred sites may be found within tenements held by the Company and which may preclude exploration and mining activities and the Company may also experience delays with respect to obtaining permission from the traditional owners to explore and extract Mineral Resources. The Company must also comply with Aboriginal heritage legislation requirements and access agreements which require heritage survey work to be undertaken ahead of the commencement of exploration and mining activities.

(l) **Reliance on Key Personnel**

Several of the Directors have intimate knowledge of the Company's assets, including Managing Director Mr Rick Yeates. The responsibility of overseeing the Company's day to day operations and setting the Company's strategic direction and policy is substantially the responsibility of the Managing Director, Mr Yeates.

(m) **Exploration risk**

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions.

Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(n) **Environmental Risks**

The Company is subject to a number of laws and regulations regarding the protection of the environment. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former activities and locations where operations are or were conducted. Significant liability could be imposed on the Company for damages, clean-up costs, or penalties in the event of certain discharges into the environment, environmental damage caused

by previous occupiers or non-compliance with environmental laws or regulation. The Company proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations and where possible, by carrying appropriate insurance coverage.

(o) **Regulatory Risk**

The Company's potential mining operations and exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the tenements.

7.2 **General risks**

(a) **Economic and political conditions**

The value of the Company's securities is likely to fluctuate depending on various factors including, but not limited to: (a) inflation, (b) interest rates, (c) domestic and international economic growth, changes to taxation legislation, interpretation and policies, (e) legislative change, (f) political stability, (g) disasters, (h) industrial disputes, (i) social unrest, (j) war on a local or global scale, (k) mining industry conditions, (l) stock market conditions in Australia and elsewhere, (m) changes in investor sentiment towards particular market sectors, (n) acts of God, (o) acts of terrorism, (p) potential actual or anticipated variations in the Company's operating results, (q) adverse publicity, (r) adverse attitudes and opinions of members or representatives of the community, government or parliament, and (s) concerns in global markets (or responses thereto) regarding the state of sovereign debt in various jurisdictions and unions.

(b) **Taxation Risk**

Any change in the Company's tax status or the tax applicable to holding Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders.

(c) **Changes in Government Policy**

Adverse changes in Federal or Western Australian government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in Western Australia may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.

(d) **Insurance Risks**

The Company insures its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance against all risks associated with mining exploration and production is not always available and, where available, the costs can be prohibitive.

(e) **Competition Risk**

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(f) **Trading Risks**

The price at which the Company's Shares trade on the ASX may be higher or lower than the issue price of the new Shares pursuant to the Offer and could be subject to fluctuations in response to variations in operating performance and general operations and business risk, as well as external operating factors over which the Directors and the Company have no control, such as movements in commodity prices and exchange rates, changes to government policy, legislation or regulation and other events or factors.

There can be no guarantee that an active market in the Company's Shares will develop or that the price of the Shares will increase.

There may be relatively few or many potential buyers or sellers of the Shares on the ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is above or below the price that Shareholders paid.

(g) **Force Majeure**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(h) **Litigation Risks**

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee and ex-employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may materially affect the financial performance of the Company and the value of the securities offered under this Prospectus. Therefore, the securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities. Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

8. MATERIAL CONTRACTS

8.1 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter has agreed to fully underwrite the Offer in respect of 558,426,078 Shares and 558,426,078 attaching New Options (**Underwritten Securities**).

Pursuant to the Underwriting Agreement the Company has agreed to:

- (a) pay the Underwriter a management fee of 2% of the total gross amount raised under the Offer (being approximately \$47,074);
 - (b) pay the Underwriter an underwriting fee of 4% of the total dollar amount underwritten by the Underwriter under the Offer (approximately \$94,148). All sub-underwriting fees will be paid by the Underwriter from this underwriting fee; and
 - (c) issue the Underwriter (or its nominee) 25,000,000 New Options,
- (together, the **Fees**).

The Underwriter is also entitled to be reimbursed for out-of-pocket expenses directly related to the Offer. The Underwriter must obtain the Company's consent prior to incurring any single expense greater than \$2,000.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

(a) **Indices fall**

The S&P ASX 200 or S&P ASX 300 index closes on any Business Day from the date of the Underwriting Agreement at a level that is 10% or more below the level of the index at the close of trading on the Business Day before the date of the Underwriting Agreement.

(b) **Prospectus**

The Company does not lodge the Prospectus with ASIC on the agreed lodgement date or the Prospectus or the Offer is withdrawn by the Company.

(c) **Supplementary Prospectus**

- (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in paragraph (o)(v), forms the view on reasonable grounds that a supplementary prospectus should be lodged with ASIC for any of the reasons referred to in Section 719 of the Corporations Act and the Company fails to lodge a supplementary prospectus in such form and content and within such time as the Underwriter may reasonably require; or

- (ii) the Company lodges a supplementary prospectus without the prior written agreement of the Underwriter such agreement not to be unreasonably withheld.

(d) **Non-compliance with disclosure requirements**

It transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:

- (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
- (ii) the rights and liabilities attaching to the Underwritten Securities.

(e) **Misleading Prospectus**

It transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of Sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive.

(f) **Error in Due Diligence Results**

It transpires that any of the due diligence results or any part of the verification material was materially false, misleading or deceptive or that there was a material omission from them.

(g) **Proceedings**

ASIC or any other person conducts any enquiry, investigation or proceedings, or takes any regulatory action or seeks any remedy, in connection with the Offer or associated materials (**Offer Materials**), or publicly foreshadows that it may do so.

(h) **Unable to issue Underwritten Securities**

The Company is prevented from allotting and issuing the Underwritten Securities within the time required by the timetable, ASX Listing Rules, applicable laws, an order of a court of competent jurisdiction or a Government authority.

(i) **Future Matters**

Any statement or estimate in the Offer Materials which relates to a future matter is or becomes incapable of being met or, in the reasonable opinion of the Underwriter, unlikely to be met in the projected timeframe.

(j) **No Quotation Approval**

The Company fails to lodge an Appendix 2A in relation to the Underwritten Securities with ASX by the time required by the Corporations Act, the ASX Listing Rules or any other regulation.

(k) **ASIC application**

An order is made under Section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the deadline for providing notice of any Shortfall has arrived, and that application has not been dismissed or withdrawn.

(l) **Takeovers Panel**

The Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, which in the Underwriter's reasonable opinion has a Material Adverse Effect.

(m) **Authorisation**

Any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter acting reasonably.

(n) **Indictable offence**

A director of the Company is charged with an indictable offence.

(o) **Termination Events**

Subject always to the Material Adverse Effect qualification described below, any of the following events occurs:

(i) **Hostilities**

There is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Japan, the United Kingdom, the United States of America or the Peoples Republic of China, Malaysia, the Philippines, or any member of the European Union (**Specified Countries**).

(ii) **Default**

Default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;

(iii) **Incorrect or untrue representation**

Any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect in a material respect.

(iv) **Contravention of constitution or Act**

A contravention by a Company or any of its subsidiaries (**Relevant Company**) of any provision of its constitution, the Corporations Act, the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX.

- (v) **Adverse change**
- An event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company.
- (vi) **Error in due diligence results**
- It transpires that any of the due diligence results or any part of the verification material was materially false, misleading or deceptive or that there was a material omission from them.
- (vii) **Significant change**
- A "new circumstance" as referred to in Section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor.
- (viii) **Public Statements**
- Without first consulting with the Underwriter in relation to a public statement made by the Company in relation to the Offer or the Prospectus, other than a statement the Company is required to make in order to ensure its disclosure obligations under the ASX Listing Rules and the Corporations Act.
- (ix) **Misleading information**
- Any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive.
- (x) **Official Quotation qualified**
- Official Quotation of the Underwritten Securities is qualified or conditional.
- (xi) **Change in Act or policy**
- There is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy.
- (xii) **Prescribed Occurrence**
- A Prescribed Occurrence occurs, other than as disclosed in the Prospectus.

- (xiii) **Suspension of debt payments**
- The Company suspends payment of its debts generally.
- (xiv) **Event of Insolvency**
- An event of insolvency occurs in respect of a Relevant Company.
- (xv) **Judgment against a Relevant Company**
- A judgment in an amount exceeding \$250,000 is obtained against a Relevant Company and is not set aside or satisfied within 14 days.
- (xvi) **Litigation**
- Litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against any Relevant Company, except as disclosed in the Prospectus and the due diligence committee.
- (xvii) **Board and senior management composition**
- There is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Underwritten Securities without the prior written consent of the Underwriter (such consent not to be unreasonably withheld).
- (xviii) **Change in shareholdings**
- There is a material change in the major or controlling shareholdings of a Relevant Company (other than as a result of the Offer, a matter disclosed in the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company.
- (xix) **Timetable**
- There is a delay in any specified date in the timetable which is greater than 5 Business Days.
- (xx) **Force Majeure**
- A force majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs; and which event constitutes a material adverse event.
- (xxi) **Certain resolutions passed**
- A Relevant Company passes or takes any steps to pass a resolution under Section 254N, Section 257A or Section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter.

(xxii) **Capital Structure**

Any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus.

(xxiii) **Breach of Material Contracts**

Any material agreements of the Company as disclosed on ASX are terminated or substantially modified.

(xxiv) **Market Conditions**

A suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America.

The Underwriter may not exercise its rights under termination event (o) above unless, in the reasonable opinion of the Underwriter reached in good faith, the occurrence of a termination event has or is likely to have, or two or more termination events together have or are likely to have a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act or otherwise.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

8.2 Mandate Letter

The Company and the Underwriter have entered into a mandate agreement and mandate variation, whereby the Underwriter was appointed to act as Lead Manager and Underwriter to the Offer (**Mandate**). The parties subsequently entered into the Underwriting Agreement which, with respect to the terms and conditions of the Underwriting, supersedes the Mandate, however the Mandate remains extant insofar as managing the Offer.

The Underwriter will receive those fees set out in section 8.1 above for services provided pursuant to the Mandate which, for the avoidance of doubt, will not be duplicated.

The Mandate is otherwise made on standard terms and conditions.

9. ADDITIONAL INFORMATION

9.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

9.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in Section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
20/12/2019	Fully underwritten rights issue to raise \$2.5m
19/12/2019	Trading Halt
05/12/2019	Lapse of Alto Metals Offer
02/12/2019	Director Appointment
28/11/2019	Results of Meeting
28/11/2019	Becoming a substantial holder
28/11/2019	AGM Presentation
26/11/2019	Appendix 3B and Section 208A Notice
22/11/2019	Notice Under 630(3)
19/11/2019	Placement to raise up to \$1.04 million
18/11/2019	Trading Halt
15/11/2019	Maiden move into Northern Territory
14/11/2019	Response to Appendix 5B Query
31/10/2019	Quarterly Activities Report
31/10/2019	Quarterly Cashflow Report
30/10/2019	Notice of Annual General Meeting/Proxy Form
30/10/2019	Appendix 4G and Corporate Governance Statement

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website at www.middleisland.com.au.

9.3 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer.
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement and take up intentions, is set out below:

Director	Shares	Options ¹	Entitlement (Shares)	Entitlement (New Options)	\$
Peter Thomas	19,785,000	16,595,000	9,892,500	9,892,500	39,570
Rick Yeates	73,446,231	34,482,069	36,723,116	36,723,116	146,892
Beau Nicholls	21,075,000	17,025,000	10,537,500	10,537,500	42,150
Bradley Marwood ²	Nil	Nil	Nil	Nil	Nil

Notes

1. Each Director (other than Mr Marwood) holds Options which, as at the date of this Prospectus, are out of the money (classes of Options exercisable at either \$0.008 on or before 31 January 2022 or \$0.03 on or before 8 November 2021, subject to the change in exercise price detailed in Section 5.4).
2. Mr Bradley Marwood has agreed to sub-underwrite the Offer. Refer to sections 4.7 and 4.8 above for further details.
3. Refer to the Appendix 3Y or Appendix 3X (as applicable) for each Director as announced on the Company's ASX platform for further details with respect to the relevant interest of each of the Directors in the securities of the Company.

The Board recommends all Shareholders take up their Entitlement.

Remuneration

The remuneration of an executive Director is decided by the Board. The total maximum remuneration of non-executive Directors is set by the Constitution but may be varied by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum is made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director and the prevailing circumstances of the Company.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the annual remuneration paid (in cash and securities) to both executive and non-executive Directors inclusive of superannuation for the past financial year and the proposed remuneration for financial year, ended 30 June 2020.

Director	Financial Year ended 30 June 2020 (Estimated)	Financial Year ended 30 June 2019 ²	Financial Year ended 30 June 2018
Peter Thomas	\$40,000	\$70,000	\$40,000
Rick Yeates	\$229,950	\$259,950	\$197,100
Beau Nicholls	\$30,000	\$60,000	\$30,000
Bradley Marwood ¹	\$17,500	Nil	Nil

Note:

1. Bradley Marwood was appointed as a Non-Executive Director on 2 December 2019.
2. Includes the value of options granted during the 2019 financial year (\$30,000 for each Director, aside from Mr Marwood). These options were valued in accordance with Australian Accounting Standards. Refer to the Company's 2019 Annual Report for further details.

9.4 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer.
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$20,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not been paid any fees for the provision of legal services to the Company.

Pinnacle Corporate Finance Pty Ltd (**Pinnacle**) is acting as lead manager and underwriter to the Offer. The fees payable by the Company to Pinnacle for these services are set out above at sections 8.1 and 8.2. During the 24 months preceding lodgement of this Prospectus with the ASIC, Pinnacle has been paid approximately \$31,200 for the provision of capital raising services to the Company.

9.5 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Pinnacle has given its written consent to being named as Underwriter and Lead Manager to the Company in this Prospectus. Pinnacle has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

9.6 Expenses of the Offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$200,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	9,968
Lead Manager and Underwriting fees	141,222
Legal fees	20,000
Share registry, printing and other	25,604
Total	200,000

9.7 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective most recent date of those sales were:

	(\$)	Date
Highest	\$0.008	16 October 2019
Lowest	\$0.004	13, 18, 19 and 23 December 2019 and 2, 3, 6 and 8 January 2020
Last	\$0.005	10 January 2020

9.8 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 9389 2111 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.middleisland.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

9.9 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

9.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker.

Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

9.11 Privacy Act

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

10. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Rick Yeates
Managing Director
For and on behalf of
MIDDLE ISLAND RESOURCES LIMITED

11. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means an Eligible Shareholder who applies for Securities pursuant to the Offer or a Shareholder or other party who applies for Shortfall Securities pursuant to the Shortfall Offer.

Application means an application to subscribe for Securities under this Prospectus.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

Application Monies means money submitted by Applicants in respect of Applications.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors of the Company unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except any day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (as extended, if applicable).

Company means Middle Island Resources Limited (ACN 142 361 608).

Constitution means the constitution of the Company as at the date of this Prospectus.

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

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a Shareholder of the Company as at the Record Date other than an Ineligible Shareholder.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Ineligible Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

Material Adverse Effect means:

- (a) a material adverse effect on the outcome of the Offer or on the subsequent market for the Underwritten Securities (including, without limitation, a material adverse effect on a decision of an investor to invest in Underwritten Securities); or
- (b) a material adverse effect on the condition, trading or financial position and performance, profits and losses, results, prospects, business or operations of the Company and its Subsidiaries taken as a whole.

New Option means an Option granted with the terms and conditions set out in section 6.2.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prescribed Occurrence means:

- (a) a Relevant Company converting all or any of its shares into a larger or smaller number of shares;
- (b) a Relevant Company resolving to reduce its share capital in any way;
- (c) a Relevant Company:
 - (i) entering into a buy-back agreement; or
 - (ii) resolving to approve the terms of a buy-back agreement under Section 257D or 257E of the Corporations Act.
- (d) a Relevant Company making an issue of, or granting an option to subscribe for, any of its shares or any other securities, or agreeing to make such an issue or grant such an option (other than pursuant to the Offer or on conversion of convertible securities on issue as at the date of the Underwriting Agreement or as previously notified to the Underwriter prior to the date of the Underwriting Agreement);
- (e) a Relevant Company issuing, or agreeing to issue, convertible notes;
- (f) a Relevant Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) a Relevant Company charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) a Relevant Company resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator of a Relevant Company;
- (j) the making of an order by a court for the winding up of a Relevant Company;

- (k) an administrator of a Relevant Company, being appointed under Section 436A, 436B or 436C of the Corporations Act;
- (l) a Relevant Company executing a deed of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of a Relevant Company.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Section means a section of this Prospectus.

Securities means Shares and/or New Options.

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

Shareholder means a holder of a Share.

Shortfall means the Securities not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in section 1 of this Prospectus.

Shortfall Securities means those Shares and New Options issued pursuant to the Shortfall.

WST means Western Standard Time as observed in Perth, Western Australia.