



Mr. Jason Stirbinskis  
Managing Director  
LCL Resources Limited  
5 February 2024

## LCL RESOURCES LIMITED ACN 119 759 349

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### OPTIONS PROSPECTUS

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For the offer of:

- (a) up to 78,947,371 New Options to participants in the Placement, on the basis of one (1) New Option for every two (2) Shares subscribed for and issued to the participants under the Placement (**Placement Options Offer**); and
- (b) 26,315,790 New Options to the Joint Lead Managers of the Placement (or their nominees) (**Joint Lead Manager Options Offer**),

(together, the **Offers**).

#### 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 under this Prospectus or any other matter, then you should consult your professional advisers without delay.

The Securities offered by this Prospectus should be considered as highly speculative.

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## IMPORTANT NOTICE

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This Prospectus is dated 5 February 2024 and was lodged with the ASIC on that date. The ASIC, 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 New Options 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 this 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. The Securities offered by this Prospectus should be considered as highly speculative.

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 and 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.

Representations contained in this Prospectus are made taking into account that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters are publicly available information or may reasonably be expected to be known to investors and professional advisers whom prospective investors may consult.

### No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before

deciding to subscribe for Securities under this Prospectus to determine whether it meets your objectives, financial situation and needs.

### Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5.

### Overseas shareholders

This 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 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, the British Virgin Islands or the United Kingdom.

For further information on overseas Shareholders please refer to Section 2.14.

### 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 Securities.

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 three 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.

Please refer to Section 6.2 for further details.

### Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at:

[www.lclresources.au/site/content/](http://www.lclresources.au/site/content/).

If you are accessing the electronic version of this Prospectus for the purpose of making an investment in

the Company, you must be an Australian, British Virgin Island or United Kingdom resident and must only access this Prospectus from within Australia, the British Virgin Islands or the United Kingdom.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 (8) 9463 2463 during office hours or by emailing the Company at info@lclresources.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.

#### **Company Website**

No documents or other information available on the Company's website is incorporated into this Prospectus by reference.

#### **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.

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

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set 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 CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. 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.

#### **Definitions and Time**

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 8.

All references to time in this Prospectus are references to Australian Western Standard Time.

#### **Privacy statement**

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including 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 share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (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.

#### **Enquiries**

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept the Offer please call the Company Secretary on +61 (8) 9463 2463.

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## CORPORATE DIRECTORY

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### Directors

Mr. Ross Ashton  
*Non-Executive Chairman*

Mr. Jason Stirbinskis  
*Managing Director*

Mr. Kevin Wilson  
*Non-Executive Director*

### Company Secretary

Mr. Michael Allen

### Registered Office

Level 3, 88 William Street  
PERTH WA 6000

Telephone: + 61 8 9463 2463

Email: [info@lclresources.au](mailto:info@lclresources.au)

Website: [www.lclresources.au](http://www.lclresources.au)

### Auditor\*

Grant Thornton Audit Pty Ltd  
Central Park  
Level 43, 152-158 St Georges Terrace  
PERTH WA 6000

### Share Registry\*

Automatic Registry Services  
Level 5, 191 St Georges Terrace  
PERTH WA 6000

Telephone: +61 8 9324 2099

### Legal Advisers

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

### Joint Lead Managers to the Placement

Evolution Capital Pty Ltd  
Suite 1, Level 6  
1 Castlereagh Street  
SYDNEY NSW 2000

Euroz Hartleys Limited  
Level 37, QV1  
250 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.

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## 1. INDICATIVE TIMETABLE

### 1.1 Key Offer Information

Action	Date*
Lodgement of Prospectus with ASX and ASIC	Monday, 5 February 2024
Opening Date of Offers under Prospectus	Monday, 5 February 2024
Closing Date (5:00pm AWST)	Tuesday, 6 February 2024
Issue of New Options under the Offers and lodgement of Appendix 2A with ASX applying for quotation of the New Options	Wednesday, 7 February 2024
Expected date of Official Quotation of New Options on ASX	Friday, 16 February 2024

#### Dates may change

The above dates are indicative only and subject to change. The Company reserves the right to amend any or all of these dates and times without notice. The commencement of quotation of the New Options is subject to confirmation from ASX. Any extension of the Closing Date of an Offer may have a consequential effect on the issue date of the respective Securities under that Offer. The Company also reserves the right not to proceed with any of the Offers at any time.

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## 2. DETAILS OF THE OFFERS

### 2.1 Background to the Placement

On 30 November 2023, the Company announced that it had received firm commitments from sophisticated and professional investors (**Investors**) and a related party to raise a total of \$3,000,000 (before costs) through the issue of a total of 157,894,742 Shares (**Placement Shares**) at an issue price of \$0.019 per Share (**Placement**).

The Company has agreed to issue participants in the Placement one (1) free attaching option to acquire a Share (**New Options**) for every two (2) Placement Shares subscribed for and issued under the Placement.

An aggregate of 156,842,110 Placement Shares were issued to non-related party Investors in two tranches as follows:

- (a) 101,452,420 Placement Shares were issued on 8 December 2023 pursuant to the Company's Listing Rule 7.1 placement capacity; and
- (b) 55,389,690 Placement Shares were issued on 8 December 2023 pursuant to the Company's Listing Rule 7.1A placement capacity.

The Company's Chairman, Mr Ross Ashton, Freshwater Resources Pty Ltd (**Freshwater**) subscribed for \$20,000 under the Placement and will be issued 1,052,632 Placement Shares and 526,316 free New Options.

The Company obtained Shareholder approval at the general meeting held on 25 January 2024 (**General Meeting**) to:

- (a) ratify the issue of the Placement Shares;
- (b) approve the issue of the New Options to Investors; and
- (c) approve Freshwater's participation in the Placement; and
- (d) approve the issue of 26,315,790 New Options to the Joint Lead Managers (**Joint Lead Manager Options**).

### 2.2 Joint Lead Managers

Evolution Capital Pty Ltd (ACN 652 397 263) and Euroz Hartleys Limited (ACN 104 195 057) (**Joint Lead Managers**) were engaged by the Company to act as Joint Lead Managers and bookrunners to the Placement under a mandate agreement dated on or about 24 November 2023.

Pursuant to the mandate agreement, the Company has agreed to issue the Joint Lead Manager Options to the Joint Lead Managers, as part of the fee payable for lead manager services provided in connection with the Placement.

The Joint Lead Managers also received a cash fee equal to 6% of the funds raised under the Placement for services provided in respect of the Placement.

### 2.3 Placement Options Offer

The Placement Options Offer is an offer of one (1) New Option for every two (2) Shares subscribed for and issued to Investors and Freshwater under the Placement (**Placement Options Offer**).

The New Options offered under the Placement Options Offer pursuant to this Prospectus will be exercisable at \$0.025 each on or before two (2) years from the date of issue and otherwise on the terms set out in Section 4.1.

All Shares issued upon exercise of the New Options will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4.2 for further information regarding the rights and liabilities attaching to the Shares.

The maximum number of New Options to be issued under the Placement Options Offer is 78,947,371, calculated on the basis of one (1) New Option for every two (2) Shares subscribed for under the Placement.

No funds will be raised from the Placement Options Offer as the New Options are being issued for nil consideration.

The Company will apply for Official Quotation of the New Options offered pursuant to the Placement Options Offer.

## **2.4 Joint Lead Manager Options Offer**

The Joint Lead Manager Options Offer is an offer of 26,315,790 New Options to the Joint Lead Managers (or their nominee) (**Joint Lead Manager Options Offer**).

No funds will be raised from the Joint Lead Manager Options Offer as the New Options are being issued in consideration for services provided by the Joint Lead Managers.

The New Options offered under the Joint Lead Manager Options Offer pursuant to this Prospectus will be exercisable at \$0.025 each on or before two (2) years from the date of issue and otherwise on the terms set out in Section 4.1.

All Shares issued upon exercise of the New Options will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4.2 for further information regarding the rights and liabilities attaching to the Shares.

The Company will apply for Official Quotation of the New Options offered pursuant to the Joint Lead Manager Options Offer.

## **2.5 Purpose of the Offers**

The purpose of the Offers are set out in Section 3.

## **2.6 Minimum subscription**

There is no minimum subscription.

## **2.7 Not underwritten**

The Offers are not underwritten.

## **2.8 Oversubscriptions**

No oversubscriptions will be accepted by the Company under the Offers.

## **2.9 Applications under the Placement Options Offer**

To receive New Options pursuant to the Placement Options Offer you do not need to do anything, as the Joint Lead Managers will make applications on your behalf in accordance with your participation in the Placement.



Applications for New Options will only be made by the Joint Lead Managers for Eligible Applicants, at the direction of the Company and will be made using the appropriate Application Form provided to Eligible Applicants together with the Prospectus.

No subscription monies are payable for the New Options offered pursuant to this Prospectus under the Placement Options Offer as the New Options are being issued as an entitlement to Eligible Applicants.

Completed Application Forms must be mailed or delivered to the address set out on the Application Form by no later than **5:00pm (AWST) on the Closing Date**.

The Company reserves the right to close the Offers early.

Please contact the Company Secretary on +61 8 9463 2463 if you have any queries regarding the application process.

## **2.10 Applications under Joint Lead Manager Options Offer**

The Joint Lead Manager Options Offer is only available to those who are personally invited to accept the Joint Lead Manager Options Offer.

An Application Form for the Joint Lead Manager Options Offer will only be provided by the Company to the Joint Lead Managers (or their respective nominees).

No subscription monies are payable for the New Options offered pursuant to this Prospectus under the Joint Lead Manager Options Offer as the New Options are being issued as part consideration payable for the provision of services provided by the Joint Lead Manager as disclosed in Section 2.2.

Completed Application Forms must be mailed or delivered to the address set out on the Application Form by no later than **5:00pm (AWST) on the Closing Date**.

The Company reserves the right to close the Offers early.

## **2.11 ASX listing**

Application for Official Quotation of the New Options offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If ASX does not grant Official Quotation of the New Options offered pursuant to this Prospectus before the expiration of three months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any New Options.

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

## **2.12 Issue of New Options**

New Options issued pursuant to the Offers will be issued in accordance with the ASX Listing Rules and timetable set out in Section 1 of this Prospectus.

## **2.13 Defects in Applications**

If an Application Form is not completed correctly, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to

treat an application as valid, or how to construe, amend or complete it, will be final.

## **2.14 Overseas shareholders**

This 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 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 Securities 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 Shares will not be issued to Shareholders with a registered address which is outside Australia, the British Virgin Island or the United Kingdom.

## **2.15 British Virgin Islands**

**The New Options may not be offered in the British Virgin Islands unless the Company or any person offering the New Options on its behalf is licensed to carry on business in the British Virgin Islands. The Company is not licensed to carry on business in the British Virgin Islands. The New Options may be offered to British Virgin Islands business companies from outside the British Virgin Islands without restriction.**

## **2.16 United Kingdom**

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Options.

The New Options may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Options has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

## **2.17 Nominees and custodians**

Nominees and custodians may not submit an Application Form on behalf of any Shareholder resident outside Australia, the British Virgin Island or the United Kingdom without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

## **2.18 Enquiries**

Any questions concerning the Offers should be directed to the Company Secretary on +61 8 9463 2463.

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### 3. PURPOSE AND EFFECT OF THE OFFERS

#### 3.1 Purpose of the Offers

The purpose of the Placement Options Offer is to offer Investors who participated in the Placement one (1) free New Option for every two (2) Shares subscribed for under the Placement.

The purpose of the Joint Lead Manager Options Offer is to satisfy the Company's obligation to the Joint Lead Managers under the mandate agreement summarised in Section 2.2.

In addition to the above purposes, the Offers are being made under this Prospectus to remove any trading restrictions attaching to the New Options and any Shares issued on exercise of the New Options. The Company confirms that:

- (a) the New Options offered under this Prospectus are being issued with disclosure under this Prospectus (which is a disclosure document under Part 6D.2 of the Corporations Act); and
- (b) the Offers are being made such that the relief provided under ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80 with respect to the on-sale provisions of section 707 of the Corporations Act is available.

Subject to the New Options being granted to Official Quotation on the ASX, holders of the New Options will be able to trade the New Options on the ASX and will be able to exercise the New Options into Shares and trade those Shares without the need for additional disclosure and without any trading restrictions.

#### 3.2 Effect of the Offers

The principal effect of the Offers, assuming the Company issues the maximum number of New Options under the Offers, will be to:

- (a) increase the number of Options on issue from 48,000,000 as at the date of this Prospectus to 153,263,161 Options; and
- (b) to remove any trading restrictions attaching to the New Options and to enable the on-sale of any Shares issued on exercise of the New Options issued under this Prospectus.

#### 3.3 Effect on capital structure

The effect of the Offers on the capital structure of the Company, assuming the Company issues the maximum number of New Options under the Offers, is set out below.

##### Shares

	Number
Shares currently on issue <sup>1</sup>	951,146,570
Shares offered pursuant to the Offers	Nil
<b>Total Shares on issue after completion of the Offers</b>	<b>951,146,570</b>

**Notes:**

1. Including Placement Shares issued on 8 December 2023.

**Options**

	<b>Number</b>
Options currently on issue <sup>2</sup>	48,000,000
New Options to be issued pursuant to the Placement Options Offer <sup>3</sup>	78,947,371
New Options to be issued under the Joint Lead Manager Options Offer <sup>3</sup>	26,315,790
<b>Total Options on issue after completion of the Offers</b>	<b>153,263,161</b>

**Notes:**

1. The rights attaching to the Shares are summarised in Section 4.2 of this Prospectus.
2. Comprising:
  - (a) 10,000,000 unquoted options exercisable at \$0.135 on or before 30 September 2024;
  - (b) 13,000,000 unquoted options exercisable at \$0.0474 on or before 16 November 2026; and
  - (c) 25,000,000 unquoted options exercisable at \$0.05 on or before 29 November 2026.
3. New Options exercisable at \$0.025 each on or before two (2) years from the date of issue, the terms of which are set out at Section 4.1. The Company intends to apply for quotation of the New Options issued pursuant to this Prospectus.

**Performance Rights**

	<b>Number</b>
Performance Rights currently on issue	36,070,000
Performance Rights offered pursuant to the Offers	Nil
<b>Total Performance Rights on issue after completion of the Offers</b>	<b>36,070,000</b>

The Offers will have no effect on the number of Shares and Performance Rights on issue.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 1,035,216,570 Shares and on completion of the Offers would be 1,140,479,731 Shares.

**3.4 Financial effect of the Offers**

No funds will be raised from the Offers as the New Options are being issued for nil cash consideration. However, if all New Options are exercised into Shares, the Company will receive approximately \$2,631,579.

The expenses of the Offers and Placement are estimated to be approximately \$214,412. The expenses of the Offers and Placement will be met utilising the Company's existing cash reserves.

Accordingly, the immediate financial effect of the Offers and Placement will be to reduce the Company's existing cash reserves by \$214,412.

### 3.5 Details of 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	%
Lizeng Pty Ltd	105,053,875	11.04%

The Company confirms that no existing Shareholder will increase its shareholding to above 19.9% as a result of the Offers.

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## 4. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

### 4.1 Terms of New Options

(a) **Entitlement**

Each Option entitles the holder to subscribe for one (1) Share upon exercise of the New Option.

(b) **Exercise Price**

Subject to paragraph(i) the amount payable upon exercise of each New Option will be \$0.025 (**Exercise Price**)

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the date that is two (2) years from the date of issue (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The New Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the New Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 5 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the New Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising the New Options.

(k) **Change in exercise price**

A New Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the New Option can be exercised.

(l) **Transferability**

The New Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## **4.2 Rights and liabilities attaching to Shares**

The following is a summary of the more significant rights and liabilities attaching to the 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) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. The Company's constitution permits the use of technology at general meetings of shareholders (including wholly virtual meetings), to the extent permitted under the Corporations Act, Listing Rules and applicable law.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) on a show of hands, each Shareholder present in person and each other person present as a proxy, attorney or representative of a Shareholder has one vote; and
- (ii) on a poll:
  - (A) each Shareholder present in person has one vote for each fully paid share held by the Member;
  - (B) each person present as proxy, attorney or representative of a Shareholder has one vote for each fully paid share held by the Shareholder that the person represents; and
  - (C) each Shareholder who has duly lodged a valid direct vote in respect of the relevant resolution under article 6.16 of the Constitution has one vote for each fully paid share held by the Shareholder.

(c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which 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.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company and may for that

purpose set such value as the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the sanction of a special resolution of the Company, vest the whole or any part of any such property in trustees on such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholders is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued under the Placement and on conversion of the New Options will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, 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. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

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## **5. RISK FACTORS**

### **5.1 Introduction**

The New Options offered under this Prospectus should be considered as highly speculative and an investment in the Company is not risk free.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 5, together with all other information contained in this Prospectus.

The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are described below.

The risks factors set out in this Section 5, or other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the New Options. This Section 5 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

Before determining whether to invest in the Company you should ensure that you have a sufficient understanding of the risks described in this Section 5 and all of the other information set out in this Prospectus and consider whether an investment in the Company is suitable for you, taking into account your objectives, financial situation and needs.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

### **5.2 Key Investment Risks**

#### **(a) Potential for dilution**

No immediate dilution will occur as a result of the issue of New Options under this Prospectus. However subsequent exercise of any or all of the New Options will result in dilution. Assuming all New Options offered pursuant to this Prospectus are issued and exercised into Shares, Shareholders who do not participate in the Offers, are likely to be diluted by an aggregate of approximately 9.96% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus).

It is not possible to predict what the value of the Company, a Share or an Option will be following the completion of the Offers 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 Prospectus being lodged of \$0.012 (as at 2 February 2024) is not a reliable indicator as to the potential trading price of Shares after implementation of the Offers.

#### **(b) Exploration risk**

Mining exploration and development is a high-risk undertaking. The success of the Company depends on the delineation of economically minable reserves and resources, access to required development

capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration of the Company's projects may be unsuccessful, resulting in a reduction of the value of those projects and diminution in the cash reserves of the Company. 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 cost estimates and underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(c) **Future capital requirements**

The Company may have difficulty in obtaining future equity or debt funding to support exploration programs, evaluation and development of its tenements.

The Company's ability to raise further equity or debt, or to divest all or part of its interest in a tenement, and the terms of such transactions, will vary according to a number of factors, including the success of exploration results and the future development of the tenements, stock market conditions and prices for commodities.

Should it subsequently be established that a mining production operation is technically, environmentally and economically viable, the Company will require additional financing to establish mining operations and production facilities. The Company may not be able to raise the additional finances that may be required for future activities. Commodity prices, environmental regulations, environmental rehabilitation or restitution obligations, revenues, taxes, transportation costs, capital expenditures, operating expenses and technical aspects are all factors which will impact on the amount of additional capital that may be required.

Additional financing may also not be available on terms acceptable to the Company, or at all. Significantly, any additional equity financing or the exercising of Options, may dilute your existing shareholdings; and debt financing, if available, may restrict financing and future activities. If the Company fails to obtain additional financing, as needed, it may have to reduce the scope of its operations or anticipated expansion of its operations, forfeit its interest in some or all of its tenements, incur financial penalties and/ or reduce or terminate its operations.

(d) **Foreign governments and legal systems risk**

Colombia and Papua New Guinea, where the Company's operating assets reside, and other jurisdictions in which they may operate in the future, differ from the legal system found in Australia. This could lead to exposure to any or all of the following risks:

- (i) lack of guidance or interpretation of the applicable rules and regulations;

- (ii) delays in redress or greater discretion on the part of governmental authorities; and
- (iii) restrictions on the potential extraction and export of mineral ores or concentrates.

(e) **Litigation risks**

The Company is exposed to possible litigation risks including contractual disputes, occupational health and safety claims and 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.

As previously disclosed to the market, in 2017, a former director of Company subsidiary, Miraflores Compania Minera, lodged a claim with the Labour Court in Medellin, Colombia (Juzgado Laboral del Circuito de Medellin) seeking damages in the amount of COP4.5 billion (approximately USD1.16 million as at 31 December 2023) for unpaid directors fees, including termination fees (**Miraflores Claim**). A judge's decision on the matter is understood to be delivered shortly. In the event of an unfavourable decision, the Company has the right to appeal.

(f) **Taxation implications**

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for the Offers. However, investors are cautioned that the participating in the Offers may give rise to adverse taxation consequences. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for the Offers.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

(g) **Regulatory risks**

The Company will incur ongoing costs and obligations associated with compliance with necessary regulations. Regulatory areas which are of particular significance to the Company include environmental compliance and rehabilitation, mining, taxation, employee relations, worker health and safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species, social licence obligations, bribery, corruption 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. Any failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions on the Company's proposed business operations. In addition, changes in regulations could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

(h) **Sovereign security risks**

The Company's operations are located in Papua New Guinea and Colombia and are subject to various in-country security risks. These risks and uncertainties include, but are not limited to, terrorism, trafficking narcotics, hostage taking, labour unrest, general strikes, the risks of war or civil unrest, expropriation and nationalisation, illegal mining and changing political conditions.

It is not possible for the Company to predict the extent to which the abovementioned risks and uncertainties may adversely impact on the Company's operations.

(i) **PNG Government and stakeholder equity**

It is PNG Government policy that the State has a right (which is expressed as a condition in each exploration licence) to take up an equity participation in a future mining project. The right is to purchase an interest of up to 30% at cost, although historically the State has not recently taken 30% in small or medium-sized mining projects. However, even if the PNG Government elects not to take up its rights in full, it may want to exercise this right to a limited extent in order to give local stakeholders an equity participation, which historically has been at the level of 5%. Local stakeholder equity may be given free or on a carried interest basis. These issues cannot be negotiated with the PNG Government until the scope of the Company's projects are known and notification of a mining lease application has commenced. If the PNG Government is to exercise its right to take up an equity participation in the project, either for itself or for the local stakeholders, this may significantly affect the financial projections for the projects.

(j) **Tenure, access and grant of applications – PNG**

Ownership interests in tenements in Papua New Guinea are governed by the mining acts and regulations that are current in that country and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

All of the tenements in PNG in which the Company has an interest (or tenements in which the Company may acquire an interest in the future), will be subject to applications for renewal or exemption from expenditure (as the case may be). The renewal or exemption from expenditure for a tenement is usually determined at the discretion of the relevant government authority. If a Tenement is not renewed or granted an exemption from expenditure, the Company may suffer damage through loss of opportunity to develop and discover minerals on that tenement.

In particular and as noted in the Company's quarterly report for the quarter ended 31 December 2023 (lodged with the ASX on 31 January 2024), the Company has entered into a binding agreement with Papuan Minerals Limited (**PML**) to acquire 100% of EL2560 and EL2391 and a binding agreement with Munga River Limited (**MRL**) to acquire 100% of EL2566, which are subject to successful renewals of EL2566 and EL2391 and transfers of all three titles to the Company. Although the Company

believes the renewals will be granted for these tenements, there can be no guarantee that renewal of the tenements will be granted. PML's or MRL's failure to comply with its completion obligations under this agreement may result in the Company losing its interest in those tenements, which may have an adverse effect on the Company's operations and performance. The Company has no current reason to believe that PML or MRL will not meet and satisfy their obligations.

The Company will put in place policies and procedure and exercise best endeavours to manage this risk effectively but does not guarantee that favourable rulings will be made with respect to renewals or exemptions.

(k) **Tenure, access and grant of applications - Colombia**

The Company's operations are subject to receiving and maintaining licences and permits from appropriate governmental authorities in Colombia. There is no assurance that delays will not occur in connection with obtaining all necessary grants or renewals of licences/permits for the proposed operations, additional licences/permits for any possible future changes to operations, or additional permits associated with new legislation. Prior to any development on any of its properties, subsidiaries of the Company must receive licences/permits from appropriate governmental authorities. There is no certainty that the Company will hold all licences/permits necessary to develop or continue operating at any particular property.

In 2022, Colombia elected a new President, Gustavo Petro. Various statements attributed to the new President have suggested an intention to apply additional restrictions and requirements on new mining activities in Colombia. The Company continues to monitor the policy development within Colombia as it determines the next stages of the development of its projects in Colombia. In the event that additional restrictions and requirements impair the Company's ability to advance its projects in Colombia, this could lead to economic loss for the Company.

For instance, Colombia's Ministry of Environmental and Sustainable Development issued Decree 44 of 2024, giving it the power to declare temporary environmental strategic reserve areas, with the aim of protecting water, or other environmental resources, with a five-year timeline, extendable to 10 years. Whilst there is no expectation that such a reserve will be declared over the Company's Projects, should this occur, it could lead to significant economic loss for the Company.

(l) **Environmental risk**

Mining and exploration has become subject to increasing environmental responsibility and liability in Colombia and Papua New Guinea. The potential for liability is an "ever present" risk. The use and disposal of chemicals and other materials in the mining industry is under constant legislative scrutiny and regulation. Consistent with this, the Company may be required, in some cases, to undertake baseline environmental studies prior to certain exploration or mining activities, so that the environmental impact can be monitored and, as far as possible, minimised. The discovery of any endangered species of fauna and flora may impact upon the Company's ability to freely explore or develop its permits.

There is no guarantee that nature reserves or parks will not be decreed by government agencies in the areas in which the Company works. These

could constrain the Company's ability to operate on its existing or future licences.

(m) **Social licence**

In order to explore, develop or operate in communities, the general acceptance of certain stakeholder populations may be required. This may include formal agreements that can require extended negotiations with large numbers of stakeholders, for example indigenous communities and groups with native title rights or informal miners. There can be no guarantee these negotiations will be concluded successfully or not be protracted and cause significant delay to the Company's plans.

The Company is aware that a small group within the community in Quinchia may be opposed to the Company's activities in the region. There can be no guarantee that any such local opposition will not cause delay or disruption to the Company's operations in the region.

(n) **Mine development risk**

Possible future development of a mining operation at any of the Company's future projects is dependent on a number of factors including, but not limited to, delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, climate change, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

(o) **Metallurgy**

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
- (ii) developing an economic process route to produce a metal and/or concentrate; and
- (iii) changes in mineralogy in the ore deposit can result in inconsistent metal/mineral recovery, affecting the economic viability of the project.

(p) **Resource and reserves and exploration targets**

Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when initially calculated may alter significantly when new information or techniques become available. In addition, by their very nature resource and reserve estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate.



(q) **Operational**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, insufficient or unreliable infrastructure such as power, water and transport, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

In the event that any of these potential risks eventuate, the Company's operational and financial performance may be adversely affected. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(r) **Insurance risks**

There are significant exploration and operating risks associated with exploring for gold and other metals, including adverse weather conditions, environmental risks and fire, all of which can result in injury to persons as well as damage to or destruction of the extraction plant, equipment, production facilities and other property. In addition, the Company and its subsidiaries will be subject to liability for environmental risks such as pollution and damage of the environment. The occurrences of a significant event against which the Company is not fully insured could have a material adverse effect on its operations and financial performance. In addition, in the future some or all of the Company's insurance coverage may become unavailable or prohibitively expensive.

(s) **Ability to exploit successful discoveries**

Even if an apparently viable deposit is identified, there is no guarantee that the Company can economically exploit it. That is, it may not always be possible for the Company to participate in the exploitation of successful discoveries made in any areas in which it has an interest because such exploitation may require further intensive capital input as well as further licences, mining concessions and clearances from relevant authorities. The Company notes that it may or may not be possible for such conditions to be satisfied.

(t) **Loss of key management personnel**

The Company's success largely depends upon key management personnel for the management of the Company as well as upon other management and technical personnel for the daily operation of the Company. Consequently, there is a possibility that the Company will be adversely affected, particularly in respect of the rate at which its exploration programs and tenements are developed or prioritised, if one or more of the key management personnel cease their employment.

(u) **Exploration costs**

The exploration costs of the Company are premised upon a number of assumptions and estimates as regards the method and timing of exploration. These assumptions and estimates are, by their nature, speculative and subject to a number of uncertainties. Consequently, the Company does not give any assurance that the cost estimates and the underlying assumptions will be realised in practice, which may adversely affect the Company's budget and forecast cashflows and ultimately the trading price of its Securities.

(v) **Commodity prices**

Commodity prices are influenced by physical and investment demand for those commodities. Fluctuations in commodity prices may influence individual projects in which the Company has an interest as well as the Company's ability to raise capital.

(w) **Tax rules**

Tax rules or their interpretation in relation to equity investments may change. In particular, both the level and basis of taxation may change. In addition, an investment in the Shares and the grant of Options involves tax considerations that may differ for each Shareholder. There could be a variety of taxation consequences for Shareholders in relation to the grant of Options including adverse consequences. Each Shareholder is encouraged to seek professional tax advice in connection with any investment and in relation to the grant of Options in the Company particularly given the current share price of the Company as against the exercise price of the Options.

Tax law is complex and is subject to regular change. Changes in tax law, including various proposed but as yet not enacted changes in tax law may adversely impact the Company's future financial performance and position.

Resulting changes in tax arrangements may adversely impact the Company's future financial performance and position. In addition, future changes to other laws and regulations or accounting standards, which apply to the Company from time to time, could materially adversely affect the Company's future financial performance and position.

(x) **Competition risk**

The industry in which the Company is involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, it 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 business.

(y) **Force majeure**

The Company, 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, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(z) **Land access risks – PNG**

The Company's ability to develop the Company's projects in PNG will depend in significant part on its ability to maintain good relations with the local community. Under the relevant legislation in PNG, a tenement holder is liable to compensate landowners for its entry onto and occupation of the land and for loss and damage caused by exploration, mining or related activities. Compensation arrangements must be finalised and compensation payments must be current before the tenement holder may enter onto, or occupy, the land. Although the Company believes that the local communities generally welcome the Company's projects and perceive that it will bring benefits to them, no assurance can be given that negotiations with local communities about the benefits they will derive from the Company's projects, covering compensation, royalties, equity participation, employment and local business, will be successful. Failure to adequately manage community and social expectations may lead to local dissatisfaction with the Company's projects, which in turn may lead to disruptions of future proposed operations.

(aa) **Land access risks - Colombia**

Land access is critical for exploration and/or exploitation to succeed. It requires both access to the mineral rights and access to the surface rights.

Mineral rights in Colombia are governed under the National Mining Code which defines the procedures and obligations that need to be met to obtain and maintain the mineral rights. Exploration applications are granted on a first come first served basis. Applications are subject to analysis by the authorities to define the area within the application boundary that was "available" at the time of application. There is no guarantee that all or part of the application will be granted until the authorities have conducted this study.

Minerals rights may be negotiated and acquired. In all cases the acquisition of prospective exploration and mining licences is a competitive business, in which proprietary knowledge or information is critical and the ability to negotiate satisfactory commercial arrangements with other parties is often essential. The Company may not be successful in acquiring or obtaining the necessary licences to conduct exploration or evaluation activities outside of the mineral tenements that it already owns.

Access to land for exploration and evaluation purposes can be obtained by: private access and compensation agreement with the landowner; purchase of surface rights; or through judicial rulings.

All of these issues have the potential to delay, curtail and preclude the Company's operations in Colombia. Whilst the Company will have the potential to influence some of these access issues, and retains staff to manage those instances where negotiations are required to gain access, is not possible for the Company to predict the extent to which the above-mentioned risks and uncertainties may adversely impact on the Company's operations.

Recently in Colombia, certain large open pit mining gold projects have had environmental licence applications declined by the regulatory agencies, preventing those mining projects from advancing to

development, at least in the short term. There can be no guarantee that the Company's recent environmental approval at Miraflores will not be amended or withdrawn. Recently, the Department of Prior Consultation (a Central Colombian Authority within the Ministry of Interior) has advised that the Company re-open a consultation process with a local indigenous community for a portion of the 100% owned Quinchia Gold Project. Although the process required by the Authority does not impact the status of the recently awarded Miraflores Environmental Licence or its mining and exploration titles, it may delay certain exploration activities as the consultation process is repeated.

### **5.3 General Risks**

#### **(a) Additional requirements for capital**

The Company considers that it has sufficient funds to finance its current operations. However, additional funding may be required in the event future costs exceed the Company's estimates and to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur.

The Company may seek to raise further funds through equity or debt financing, joint ventures or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of its research and development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

#### **(b) General economic conditions**

Economic conditions, both domestic and global, may affect the performance of the Company. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Company's future possible revenues and Share price can be affected by these factors, all of which are beyond the control of the Company or its Directors.

#### **(c) Equity market conditions**

Securities listed on the stock market can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally (particularly Australian, US and Chinese economic conditions), investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and

foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

(d) **Change in government policy and legislation**

Any material adverse changes in relevant government policies or legislation of Australia, Papua New Guinea or Colombia may affect the viability and profitability of the Company, and consequent returns to investors. The activities of the Company are subject to various federal, state and local laws governing prospecting, development, production, taxes, labour standards and occupational health and safety, and other matters.

(e) **Economic risks**

General economic conditions, movements in commodity prices, interest and inflation rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors (such as the exploration industry or the base metals sector within that industry);
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(f) **Security risk**

The business of the Company may be materially impacted by breaches of security, on-site or via technology, either by unauthorised access, theft, destruction, loss of information or release of confidential data. The Company's security measures may not be sufficient to detect or prevent such breaches of security.

(g) **Climate change risk**

Climate change is a risk the Company has considered, particularly related to its operations in the mining industry. The climate change risks particularly attributable to the Company include:

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of

possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and

- (ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

(h) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(i) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(j) **Safety**

Safety is a fundamental risk for any exploration and production company in relation to personal injury, damage to property and equipment and other losses. The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage or destruction of property, regulatory investigation, and penalties or suspension of operations.

Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

## **5.4 Speculative investment**

The risk factors described above, and other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the New Options.

Prospective investors should consider that an investment in the Company is highly speculative.

There is no guarantee that the New Options offered under this Prospectus will provide a return on capital, payment of dividends or increases in the market value of those New Options.

Before deciding whether to subscribe for New Options under this Prospectus you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

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## 6. ADDITIONAL INFORMATION

### 6.1 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 aside from the Miraflores Claim, summarised in Section 5.2(e) above.

### 6.2 Continuous disclosure obligations

As set out in the Important Notes Section of this Prospectus, the Company is a disclosing entity for the purposes of section 713 of the Corporations Act. Accordingly, 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
31 January 2024	December 2023 Quarterly Report and Appendix 5B
25 January 2024	Results of Meeting



<b>Date</b>	<b>Description of Announcement</b>
23 January 2024	New high grade nickel sulphide outcrops – PNG Nickel Project
12 January 2024	Change in Substantial Shareholding
4 January 2024	Change of Director's Interests Notices X 2
2 January 2024	Notification of cessation of securities - LCL
22 December 2023	Notice of Access - General Meeting
22 December 2023	Notice of General Meeting and Proxy Form
8 December 2023	Cleansing Notice
8 December 2023	Application for quotation of securities - LCL
7 December 2023	Multiple new nickel sulphide outcrops - PNG
30 November 2023	Proposed issue of securities - LCL
30 November 2023	Proposed issue of securities - LCL
30 November 2023	Placement to Advance High Grade PNG Nickel Project
28 November 2023	Trading Halt
16 November 2023	Notification of cessation of securities - LCL
31 October 2023	September 2023 Quarterly Report and Appendix 5B
31 October 2023	PNG Nickel Project Exploration Model Defined
30 October 2023	New gold zone drilled at Kusi
16 October 2023	Miraflores Environmental Licence Granted
4 October 2023	Australian Nickel Conference Presentation
4 October 2023	Additional nickel sulphide targets identified - PNG
8 September 2023	Kusi drilling update
4 September 2023	Half Year Financial Report
31 August 2023	Notification of cessation of securities - LCL
31 August 2023	Proposed issue of securities - LCL
30 August 2023	Acquisition consolidates PNG nickel sulphide trend
28 August 2023	Imou copper-gold footprint expanded
28 July 2023	June 2023 Quarterly Report and Appendix 5B
27 July 2023	Regional review confirms multiple nickel targets
25 July 2023	Kusi drill results update
20 July 2023	Primary source of Veri Veri nickel sulphide float confirmed
5 July 2023	More exceptional Kusi gold drill results
3 July 2023	Notification of cessation of securities - LCL

Date	Description of Announcement
3 July 2023	Proposed issue of securities - LCL
26 June 2023	Acquisition expands Veri Veri Nickel Project (PNG)
9 June 2023	Change of Company Name
31 May 2023	Results of Annual General Meeting
31 May 2023	2023 AGM Presentation
18 May 2023	52m @ 3.65g/t Au in Kusi drill hole 4
9 May 2023	Surface work confirms potential scale of Kusi Au-Cu skarn
28 April 2023	Appendix 4G and Corporate Governance Statement
28 April 2023	Notice of Annual General Meeting and Proxy Form
28 April 2023	2022 Annual Report to shareholders

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 [www.lclresources.au/site/content/](http://www.lclresources.au/site/content/).

### 6.3 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 dates of those sales were:

	(\$)	Date
Highest	\$0.027	2 November 2023
Lowest	\$0.012	22 January 2024, 2 February 2024
Last	\$0.012	2 February 2024

### 6.4 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 Offers; or
  - (c) the Offers,
- 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
    - (i) the Offers.

## 6.5 Security holdings

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus, is set out in the table below:

Director	Shares	Options	Performance Rights	Placement Shares	New Options	\$
Ross Ashton	14,150,834 <sup>1</sup>	2,000,000 <sup>2</sup>	2,320,000 <sup>3</sup>	1,052,632 <sup>4</sup>	526,316 <sup>4</sup>	20,000
Jason Stirbinskis	3,100,001 <sup>5</sup>	6,000,000 <sup>6</sup>	13,975,000 <sup>7</sup>	Nil	Nil	Nil
Kevin Wilson	6,899,255 <sup>8</sup>	2,000,000 <sup>9</sup>	1,540,000 <sup>10</sup>	Nil	Nil	Nil

### Notes:

1. Comprising:
  - (a) 792,000 Shares held directly by Mr Ashton;
  - (b) 11,695,434 Shares held indirectly by The Ashton Superfund, an entity of which Mr Ashton is a trustee; and
  - (c) 1,663,400 Shares held indirectly by Freshwater Resources Pty Ltd, an entity of which Mr Ashton is a director.
2. Comprising 2,000,000 unquoted options exercisable at \$0.135 on or before 30 September 2024 held indirectly by Freshwater Resources Pty Ltd, an entity of which Mr Ashton is a director.
3. Comprising of the following Performance Rights held directly by Mr Ashton:
  - (a) 1,160,000 LCLPR7 Performance Rights; and
  - (b) 1,160,000 LCLPR8 Performance Rights.
4. Freshwater Resources Pty Ltd <No 2 A/C>, an entity associated with the Company's Chairman Mr Ross Ashton, participated in the Placement on the same terms as unrelated participants in the Placement, for an aggregate of up to 1,052,632 Placement Shares and 526,316 New Options. The Company obtained Shareholder approval for Freshwater's participation at the general meeting held on 25 January 2024.
5. Comprising:
  - (a) 1,100,001 Shares held indirectly by J&M Superfund, an entity of which Mr Stirbinskis is a director; and
  - (b) 2,000,000 Shares held indirectly by Mrs Miki Stirbinskis, the spouse of Mr Stirbinskis.
6. Comprising 6,000,000 unquoted options exercisable at \$0.135 on or before 30 September 2024 held directly by Mr Stirbinskis.
7. Comprising of the following Performance Rights held directly by Mr Stirbinskis:
  - (a) 3,500,000- LCLPR7 Performance Rights;

- (b) 3,500,000 - LCLPR8 Performance Rights; and
  - (c) 6,975,000 - LCLAAB Performance Rights.
8. Comprising:
- (a) 1,534,235 Shares held indirectly by J Mr Kevin Wilson & Mrs Jola Wilson <Lincoln Superfund No A/C>, an entity of which Mr Wilson is a trustee and beneficiary; and
  - (b) 5,365,020 Shares held directly by Mr Wilson.
9. Comprising 2,000,000 unquoted options exercisable at \$0.135 on or before 30 September 2024 held directly by Mr Wilson.
10. Comprising of the following Performance Rights held directly by Mr Wilson:
- (a) 770,000- LCLPR7 Performance Rights; and
  - (b) 770,000 - LCLPR8 Performance Rights.

## Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is 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 will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$600,000 per annum.

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 cash based annual remuneration paid to both executive and non-executive Directors as disclosed in the Company's 2022 Annual Report for the financial year ended 31 December 2022, proposed remuneration for the financial year ended 31 December 2023 and proposed remuneration for the financial year ending 31 December 2024.

Director	FY to end 31 December 2024	FY ending 31 December 2023	FY ending 31 December 2022
Ross Ashton	\$65,000 <sup>1</sup>	\$65,000 <sup>2</sup>	\$65,000 <sup>3</sup>
Jason Stirbinskis	\$222,000 <sup>4</sup>	\$476,096 <sup>5</sup>	\$335,288 <sup>6</sup>
Kevin Wilson	\$50,000 <sup>7</sup>	\$50,000 <sup>8</sup>	\$50,000 <sup>9</sup>

### Notes:

1. Comprising of Directors' fees and superannuation and including the value of the Shares issued in lieu of Directors' fees owed for the 6 month period from 1 November 2023 to 30 April 2024, as approved at the general meeting held on 25 January 2024.
2. Comprising of Directors' fees and superannuation and including the value of the Shares in lieu of Directors' fees owed for the 6 month period from 1 November 2023 to 30 April 2024, as approved at the general meeting held on 25 January 2024.

3. Comprising of Directors' fees and superannuation.
4. Comprising of salary of \$200,000 and superannuation of \$22,000.
5. Comprising of salary of \$300,000, bonus of \$50,000, accrued bonus of \$100,000 and superannuation of \$26,096.
6. Comprising of a salary payment of \$320,000 and a superannuation payment of \$15,288.
7. Comprising of Directors' fees and superannuation and including the value of the Shares issued in lieu of Directors' fees owed for the 6 month period from 1 November 2023 to 30 April 2024, as approved at the general meeting held on 25 January 2024.
8. Comprising of Directors' fees and superannuation and including the value of the Shares issued in lieu of Directors' fees owed for the 6 month period from 1 November 2023 to 30 April 2024, as approved at the general meeting held on 25 January 2024.
9. Comprising of Directors' fees and superannuation.

## **6.6 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 (but not a sub-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 Offers; or
- (f) the Offers,

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 Offers.

Evolution Capital Pty Ltd and Euroz Hartleys Limited have acted as Joint Lead Manager to the Offers. The Company estimates it will paid Evolution Capital Pty Ltd and Euroz Hartleys Limited combined \$178,800 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Evolution Capital Pty Ltd and Euroz Hartleys Limited have received combined \$123,327 (excluding GST) in other fees from the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay Steinepreis Paganin \$10,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$133,190 (excluding GST and disbursements) for legal services provided to the Company.

## 6.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

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;
- (b) in light of the above, only 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; and
- (c) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Evolution Capital Pty Ltd has given its written consent to being named as Joint Lead Manager to the Placement in this Prospectus.

Euroz Hartleys Limited has given its written consent to being named as Joint Lead Manager to the Placement in this Prospectus.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus.

## 6.8 Expenses of the offer and Placement

The total expenses of the Offers and Placement are estimated to be approximately \$214,412 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	19,393
Joint Lead Manager fee	178,800
Legal fees	10,000
Printing and distribution	6,219
<b>Total</b>	<b>214,412</b>

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**7. 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.

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## 8. GLOSSARY

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

**Application Form** means the application form attached to or accompanying this Prospectus.

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

**ASX Listing Rules** means the listing rules of the ASX.

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

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

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

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Closing Date** means the date specified in the timetable set out at Section 1 (unless extended).

**Company** means LCL Resources Limited (ACN 119 759 349).

**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 Applicant** means an investor that applies for New Options pursuant to the Placement Options Offer or Broker Options Offer (as the case may be).

**Euroz Hartleys Limited** means Euroz Hartleys Limited (ACN 104 195 057).

**Evolution Capital Pty Ltd** means Evolution Capital Pty Ltd (ACN 652 397 263).

**Exercise Price** means the exercise price of the New Options being \$0.025.

**Freshwater** means Freshwater Resources Pty Ltd.

**Joint Lead Manager Options Offer** has the meaning set out in Section 2.4.

**New Option** means an Option issued on the terms set out in Section 4.1.

**Offers** means the Placement Options Offer or Joint Lead Manager Options Offer.

**Official Quotation** means official quotation on ASX.

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

**Optionholder** means a holder of an Option.

**Performance Rights** means a right to acquire a Share.



**Placement Options Offer** has the meaning set out in Section 2.3.

**Projects** mean the Quinchia Gold Project, Ono Project (Kusi) (PNG), Veri Veri Prospect (PNG) and other PNG Targets, or any one or more of them, as the context requires.

**Prospectus** means this prospectus.

**Section** means a section of this Prospectus.

**Securities** means Shares and/or Options and/or Performance Rights as the context requires.

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

**Shareholder** means a holder of a Share.

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