



Tao Commodities Ltd

(ACN 618 935 372)

Second Replacement Prospectus

For an initial public offer of 23,750,000 Shares at an issue price of \$0.20 per Share to raise a minimum of \$4,750,000 (**Offer**).

Lead Manager



IMPORTANT INFORMATION

**This is an important document that should be read in its entirety. If you have any queries or do not understand it you should consult your professional advisers without delay.
The Shares offered by this Prospectus should be considered highly speculative.**

Corporate Directory

Directors

Mark Connelly (Non-Executive Chairman)

Patric Glovac (Executive Director)

Jason Brewer (Non-Executive Director)

Company Secretary

Anna MacKintosh

Australian Solicitors

Nova Legal
Level 2, 50 Kings Park Road
West Perth WA 6005

USA Solicitors

Holland & Hart
6380 South Fiddlers Green Circle
Suite 500
Greenwood Village
Colorado 80111

Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Independent Geologist

Agricola Mining Consultants Pty Ltd
PO Box 473
South Perth WA 6951

Proposed ASX Code

TAO

Registered Office and Principal Place of Business

22 Townshend Road
Subiaco WA 6008

Telephone: + 61 08 6500 6872

Email: enquiry@taocommodities.com.au

Website: www.taocommodities.com.au

Share Registry

Automic Pty Ltd
Level 2, 267 St Georges Terrace
Perth WA 6000

Investor enquiries: +61 02 9698 5414

Lead Manager

GTT Ventures Pty Ltd
22 Townshend Road
Subiaco WA 6008

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

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Important Notice

This second replacement prospectus is dated 1 December 2017 and was lodged with the ASIC on that date (**Second Replacement Prospectus**). It replaces the replacement prospectus lodged with ASIC on 26 September 2017 (**Replacement Prospectus**). Neither ASIC nor ASX, nor any of their officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

It is important that you read this Second Replacement Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Second Replacement Prospectus should be considered highly speculative.

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

In accordance with Chapter 6D of the Corporations Act, the original prospectus lodged with the ASIC on 11 September 2017 (**Original Prospectus**) was subject to an Exposure Period of 7 days from the date of lodgement of the Original Prospectus with ASIC. This period was extended by ASIC for a further period of 7 days. Neither the Replacement Prospectus nor this Second Replacement Prospectus is subject to an Exposure Period.

On 20 October 2017, ASIC issued an interim stop order pursuant to section 739(3) of the Corporations Act to effect that the offer set out in the Replacement Prospectus could not proceed while the stop order was in place. As a result of ASIC's concerns with the disclosure in the Replacement Prospectus, ASX's concerns about the Company meeting the assets test in ASX Listing Rule 1.3 and ASX's other concerns regarding the matters listed in items (c), (d), (f), (g), (h) and (i) below, the Company has lodged this Second Replacement Prospectus to address these concerns.

The key differences between the Replacement Prospectus and this Second Replacement Prospectus are:

- (a) an extension of the period for admission to Official Quotation of the Shares offered under the Original Prospectus from the date of the Original Prospectus to 3 months from the date of this Second Replacement Prospectus;
- (b) reopening the Offer and consequential changes to the key dates in section 2.4;
- (c) changes to the use of funds in section 2.6;
- (d) revised disclosure in section 2.18 regarding GTT;
- (e) an increase in the amount sought to be raised pursuant to the Offer set out in section 3;
- (f) revised disclosure in section 3.11 regarding information outside of the Second Replacement Prospectus;
- (g) changes to the exploration budget and diagram disclosures in the Independent Geologist's Report in section 5;
- (h) changes to the Legal Report on the Project in section 6;
- (i) changes to the Investigating Accountant's Report in section 7;
- (j) changes to the expenses of the Offer in section 11.6; and
- (k) an opportunity for Applicants to withdraw applications for Shares made pursuant to the Replacement Prospectus in section 3.4.

Status of the Offer and Reopening of the Offer to rely on ASIC LI 2016/70 and Refresh Time Period to satisfy Quotation Condition

The Offer under the Replacement Prospectus had a minimum subscription of \$4,600,000 which has been increased to \$4,750,000 under this Second Replacement Prospectus. The Offer under

the Replacement Prospectus closed on 10 October 2017. As at the date of this Second Replacement Prospectus the Company has received 374 Applications (**Initial Capital Raising**). However, additional applications and funds will be required to satisfy the new minimum subscription amount of \$4,750,000 (**Minimum Subscription Amount**). The Minimum Subscription Amount must be raised by 1 April 2018.

Due to the need to issue this Second Replacement Prospectus as a result of ASIC's concerns with the disclosure in the Prospectus and ASX's concerns about the Company meeting the assets test in ASX Listing Rule 1.3 under the Replacement Prospectus, the Company is unlikely to achieve listing under the ASX Listing Rules within the statutory period of 3 months from the date of the Original Prospectus. Section 723(3) of the Corporations Act requires a person offering securities under a disclosure document which states or implies that the securities are to be quoted on a financial market, to refund any Application Monies if those securities are not quoted within 3 months of the date of the disclosure document (**Quotation Condition**). The strict application of section 723(3) means that the Company must be listed on ASX by 11 December 2017 and if not, the Application Monies received in the Initial Capital Raising should be refunded. Section 723(3) has been, however, modified by ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70 (**ASIC LI 2016/70**) which allows an issuer of a disclosure document to refresh the relevant statutory time periods (i.e, 3 months) subject to certain conditions being met. The Company intends to rely on ASIC LI 2016/70 to extend the period within which the Quotation Condition is met.

One of the conditions under ASIC LI 2016/70 is to give Applicants who have previously submitted an Application Form one month to withdraw their application and be repaid, should they wish to do so. Applicants can withdraw their Applications at any time up until 1 January 2018. ASIC LI 2016/70 also requires the Offer to remain open until the end of this withdrawal period. The reopening and closing dates, as well as other updated key dates are set out in section 2.4 below.

Information Required to Refresh Quotation Condition Time Period

As stated above, the Company intends to refresh the time period within which the Quotation Condition must be met in reliance on ASIC LI 2016/70. As a result of this refreshment, the Quotation Condition can be met within 3 months from the date of this Second Replacement Prospectus.

In order to rely on ASIC LI 2016/70, the Company is required to disclose the following information under section 724(3H) as notionally inserted into the Corporations Act by ASIC LI 2016/70:

- (a) as at the date of this Second Replacement Prospectus the Company has received 374 Applications totalling approximately \$4,623,200 of Application Monies;
- (b) the minimum subscription under the Replacement Prospectus was \$4,600,000 and the Minimum Subscription condition under this Second Replacement Prospectus is \$4,750,000;
- (c) if the Minimum Subscription is not met within 3 months of the date of this Second Replacement Prospectus, the Company will not issue any Shares and will repay all Application Monies for Shares within the time prescribed under the Corporations Act, without interest;
- (d) an application for admission to Official Quotation was made by the Company on 13 September 2017, that is, within 7 days after the date of the Original Prospectus;
- (e) the Company's Shares have not been admitted to Official Quotation as at the date of this Second Replacement Prospectus;
- (f) ASX has indicated that the Company's Shares would not be admitted to Official Quotation unless additional funds were raised to ensure the Company met the assets test in ASX Listing Rule 1.3;
- (g) as at the date of this Second Replacement Prospectus, ASX has indicated that based solely on the information provided by the Company and the facts known by ASX at this time, ASX is not aware of any reason that would cause ASX to exercise its discretion to refuse the Company's application for admission to the official list. ASX has stated that its advice is not a guarantee that the Company will be admitted to the official list and that ASX reserves its absolute discretion under ASX Listing Rule 1.19 not to admit

the Company to the official list. ASX intends to submit the Company's listing application and Second Replacement Prospectus to its National Listing Committee for a determination on an admission decision. If the National Listing Committee's decision is favourable, the Company will receive a conditional admission letter which contains the conditions the Company must satisfy for it to be admitted to the official list and for its securities to be admitted to Official Quotation;

- (h) Applicants who wish to withdraw their application must do so within one month of the Offer opening date. Further information in relation to withdrawing an application for Shares can be found in section 3.4 below; and
- (i) the Offer under this Second Replacement Period will remain open for at least one month.

A copy of this Second Replacement Prospectus can be downloaded from the website of the Company at www.taocommodities.com.au. 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 resident and must only access this Second Replacement Prospectus from within Australia.

This Second Replacement Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom it would not be lawful to make such an offer or invitation. This distribution of this Second Replacement Prospectus (in electronic or hard copy form) in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Second Replacement Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register to qualify the Shares, or the Offer, or otherwise permit a public offering of Shares, in any jurisdiction outside Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Second Replacement Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Second Replacement Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept a Supplementary 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 Second Replacement Prospectus or any of those documents were incomplete or altered.

This Prospectus contains forward-looking statements which are identified by words such as 'could', 'believes', 'may', '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 Second Replacement 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, and its Directors and 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 Second Replacement Prospectus, except where required by law. These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 8 of this Second Replacement Prospectus.

The information in this Second Replacement Prospectus (including the Independent Geologist's Report which has been included in Section 5 of this Prospectus) that relates to exploration targets, exploration results mineral resources or ore reserves is based on information compiled by Mr Malcolm Castle, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Malcolm Castle is a director of Agricola Mining Consultants Pty Ltd. Mr Malcolm Castle has 40 years' sufficient experience which is relevant to the style of mineralisation and type

of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the VALMIN Code and the JORC Code. Mr Malcolm Castle consents to the inclusion in this Second Replacement Prospectus of the matters based on his work in the form and context in which it appears.

Photographs used in this Second Replacement Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this prospectus are illustrative only and may not be drawn to scale.

The Shares offered under this Second Replacement Prospectus are considered speculative. There is no guarantee that the Shares offered will make a return on the capital invested, that dividends will be paid on the Shares, or that there will be an increase in the value of the Shares in the future. Prospective investors should carefully consider whether the Shares offered under this Second Replacement Prospectus are an appropriate investment for them in light of their personal circumstances, including but not limited to their financial and taxation position. Refer to Sections 2.2 and 8 for details of the risks associated with an investment in the Company.

Unless the context otherwise permits, defined terms and abbreviations used in this Second Replacement Prospectus have the meanings set out in Section 13.

1. Chairman's Letter

Dear Investor,

On behalf of the Board of Directors it is my pleasure to offer you the opportunity to become a Shareholder of Tao Commodities Limited (**Company** or **Tao Commodities**).

Tao Commodities is a recently incorporated mineral exploration company focused on delivering shareholder value through the identification, development and acquisition of mineral exploration properties across the precious metals, base metals and industrial metals commodity spectrum.

As detailed in this Prospectus, subject to the terms and conditions of a share purchase agreement, the Company will acquire a package of a 100 Mining Rights over an 8.36km² area located approximately 6km west of the town of Milford in Beaver County, Utah, United States (**Project**).

The core strategy of the Company is to advance the Project and undertake further exploratory activities focusing on the Silver Bear and Captain Jack Prospects. Anomalous gold, zinc, silver and lead mineralisation occur at several prospect areas in siliceous and ferruginous vein/alteration/replacement systems which are fault controlled and proximal with lithological contacts. Veins located at Captain Jack show vague epithermal textures over several hundred meters of strike. The Company's strategy will be to leverage the expertise of its management and Directors to monetise the Project through a thorough evaluation of each of the Mining Rights' mineral exploration potential and the potential development scenarios.

Running in parallel with the proposed evaluation and exploration of the Project the Company's ongoing strategy will also include the identification and acquisition of projects, across the commodity spectrum mentioned above, that the Board believes will provide fundamental value to Shareholders.

The Company, by way of this Prospectus, is offering 23,750,000 Shares at \$0.20 each to raise \$4,750,000 (before costs and expenses) (**Offer**).

This Prospectus provides detailed information regarding the Offer, the Company's assets, the Company's proposed activities following listing on the ASX and the risk factors associated with investing in the Company, in particular, risks relating to: limited operating history; title risks; limited historical exploration; exploration success; commodity prices and reliance on key personnel.

I recommend that you read this Prospectus in its entirety prior to making a decision to invest in the Company. It will provide a clear review of the assets in question and the proposed direction of the Company.

On behalf of the Board, I look forward to welcoming you as a shareholder of Tao Commodities.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Connelly', with a stylized flourish at the end.

Mark Connelly
Chairman

2. Investment Overview

This Investment Overview Section is a summary only and not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in full, including the full risk factors set out in Section 8 and the experts' reports in this Second Replacement Prospectus, before deciding to invest in Shares.

2.1 Key Information

Topic	Summary	Reference
The Company	Tao Commodities is an Australian public company incorporated on 5 May 2017 for the primary purpose of: - acquiring 100% of the issued capital of Calatos Pty Ltd LLC, a company incorporated in the USA (Calatos); - undertaking an exploration program on the Project and working on exploration targets; and - meeting the requirements of the ASX and satisfying Chapters 1 and 2 of the ASX Listing Rules to enable the Company to list on the ASX and thereby provide a market for Shares and better enable the Company to access capital markets. For further information on the Company, please refer to the Company Overview in Section 4.	Section 4
The Company's Project and its location	The Company intends to acquire 100% of the issued capital of Calatos which is the 100% owner of the Milford Zinc-Gold Project in Beaver County, Milford, Utah. The Project hosts 100 exploration Mining Rights. The Company will acquire the Project pursuant to the terms of a share purchase agreement entered into with the vendor of the Project (Share Purchase Agreement). Under the Share Purchase Agreement, the Company will acquire 100% of the issued capital of Calatos. For further information on the Project, please refer to the Independent Geologist's Report in Section 5 and the Legal Report on the Mining Rights in Section 6.	Section 5 and 6
Overview of the Company's Business Model and Strategy	The primary objective of the Company is to focus on mineral exploration opportunities that have the potential to deliver growth of the Company for the benefit of the Shareholders. Pursuant to the terms of the Share Purchase Agreement, the Company intends to acquire 100% of the issued capital of Calatos which is the owner of the Project and to undertake exploration programs on the Project. For further information on the Company's business model, please refer to the Company Overview in Section 4.	Section 4
Board and Management	The Directors of the Company comprise of: - Mark Connelly (Non- Executive Chairman); - Patric Glovac (Executive Director); and - Jason Brewer (Non-Executive Director). Refer to Section 9 for further information.	Section 9
What is being offered?	The Company will seek to raise a total of \$4,750,000, to fund the activities of the Company through the offer by the Company of 23,750,000 Shares. Refer to Section 3 for further information.	Section 3
How do I apply for Shares?	Applications for Shares under the Offer can be made by completing the Supplementary Application Form in accordance with the instructions.	Section 3 and Section 14

Topic	Summary	Reference
What is the cost of the Offer?	The expenses of the Offer are approximately \$525,849. For further details regarding the expenses of the Offer please refer to Section 11.6.	Section 11.6
What is the Company's Financial Position?	Following completion of the Offer, based on achieving the Minimum Subscription (by raising \$4,750,000), the Company is expected to have cash of approximately \$4,224,151 after deducting the expenses of the Offer. The Board is satisfied that upon successful completion of the Offer, the Company will have sufficient working capital to meet its stated objectives. For further financial information of the Company please refer to the Investigating Accountant's Report at Section 7.	Section 7
How will the funds be used?	The Company intends to use the funds raised under the Offer for the purposes of expenses of the Offer, costs associated with the acquisition of the Project, Project exploration program costs, Mining Right fees and holding costs, administrative costs and for general working capital purposes. The Company notes that, as an early stage mineral exploration company, the Company expects to make losses for the foreseeable future. Refer to Section 2.6 for further details.	Section 2.6
Lead Manager Arrangements	The Company has entered into a mandate with GTT Ventures Pty Ltd (GTT) under which GTT will act as lead manager to the Offer (Lead Manager Mandate). Pursuant to the Lead Manager Mandate, the Company will pay GTT the following fees in respect of its services as lead manager to the Offer: - a management fee of 1% (plus GST) of the total proceeds raised under the Offer; - a capital raising fee of 5% (plus GST) on funds raised by GTT in respect of the Offer; and \$50,000 (plus GST) and 3,500,000 Shares for lead broker services upon successful completion of the Offer. The Company will also engage GTT as its corporate advisor for a period of 18 months from the date of acquisition of the Project for a fee of \$10,000 per month. Patric Glovac, a Director of the Company, is a director and shareholder of GTT. For further details, refer to Sections 2.10 and 10.7.	Sections 2.10 and 10.7
Will dividends be paid?	The Company notes that, as an early stage mineral exploration company, the Company expects to incur significant expenditure on the Company's proposed business model and make losses for the foreseeable future. Accordingly, the Company does not expect to declare any dividends during the two year period following the date of this Prospectus. Refer to Section 2.13 for further information.	Section 2.13
Company contact	You can contact the Company on +61 08 6500 6872 for further details.	Corporate Directory

Note: This information is a selective overview only. Prospective investors should read the Prospectus in full, including the experts' reports in this Prospectus before deciding to invest in Shares.

2.2 Key Risks

The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the Securities of the Company.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively manage them is limited.

Set out below are specific risks that the Company is exposed to. Further risks associated with an investment in the Company are outlined in Section 8.

Offer risk	If ASX does not admit the Shares to Official Quotation before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by ASIC, the Company will not allot or issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.
Limited history	Tao Commodities was recently incorporated (5 May 2017) and has no operating history and limited historical financial performance. Further, Calatos was only incorporated on 5 April 2017.
Reliance on key personnel and acquiring skilled employees and consultants	The Company's operational success will depend substantially on the continuing efforts of senior executives. The loss of services of one or more senior executives may have an adverse effect on the Company's operations. Furthermore, if the Company is unable to attract, train and retain key individuals and other highly skilled employees and consultants who can carry out the proposed exploration program on the Project, its business may be adversely affected.
Title risks	The Company could lose title to or its interest in the Mining Rights if annual Mining Right maintenance fee payments are not paid. The Company has taken reasonable steps to verify the title to the Mining Rights in which it has, or has a right to acquire, an interest. Although these steps are in line with market practice for exploration projects such as the Project, they do not guarantee title to the Mining Rights nor guarantee that the Mining Rights are free of any third party rights or claims.
Additional requirements for capital	The funds raised under the Offer are considered sufficient to meet the immediate objectives of the Company. The funds raised through this Prospectus that are spent on mineral exploration may not however be sufficient to identify JORC Code compliant resources, which will mean that the Company is likely to need to raise additional funds. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back exploration expenditure as the case may be.
Limited exploration on the Project	Although there have been various phases of exploration across the Mining Rights that comprise the Project, the prospects on with the Company are focusing are in the early stages of exploration and do not contain any resources that are consistent with the current JORC Code guidelines. Further evaluation of data and exploration is required to determine whether any historical mineralisation estimates within the Mining Rights may be upgraded to be consistent with the current JORC Code guidelines.
Exploration success	The Company's Mining Rights consist only of exploration rights. Even if economic quantities of minerals are discovered, there is a risk that Tao Commodities will not be granted the necessary permits to mine the minerals. There is also no assurance that exploration programmes will be successful in the discovery of new ore bodies or the delineation of resources or that any discovered ore body can be economically exploited.

Commodity prices	The Company's business prospects, financial position and results of operations are heavily dependent on prevailing metals prices, particularly gold and zinc. There can be no assurance that the existing level of metals prices will be maintained in the future. Any future declines in metals prices could adversely affect the Company's business prospects and financial condition.
Exchange rates	As the Company's Mining Rights are in the United States exploration costs will be incurred in United States dollars and accordingly changes in the exchange rate between the Australian dollar and the United States dollar will affect these costs.
Liquidity risk	Certain Securities are likely to be classified as restricted securities. To the extent that Shares are classified as restricted securities, the liquidity of the market for Shares may be adversely affected. At the end of the relevant escrow periods a significant number of Shares will become tradeable on ASX. This may result in an increase in the number of Shares being offered for sale on market which may in turn put downward pressure on the Company's Share price.
Potential acquisitions	As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transaction will be accompanied by risks commonly encountered in making such acquisitions.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company and you should refer to the additional risk factors in Section 8 before deciding whether to apply for Shares pursuant to this Prospectus.

2.3 The Offer

The Company invites applications for 23,750,000 Shares at an issue price of \$0.20 per share to raise up to \$4,750,000. The Minimum Subscription is \$4,750,000. No oversubscriptions will be accepted by the Company. The Offer is not underwritten.

The Lead Manager of the Offer is GTT Ventures Pty Ltd.

Key information relating to the Offer and references to further details are set out in this Investment Overview below. For further details of the Offer, please refer to Section 3.

2.4 Indicative timetable

Event	Date*
Lodgement of Second Replacement Prospectus with the ASIC	1 December 2017
Opening Date of the Offer	1 December 2017
Closing Date of the Offer	1 January 2018
Despatch of holding statements	5 January 2018
Expected date for quotation on ASX	22 January 2018

** The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice.*

2.5 Purpose of the Offer

The purpose of the Offer is to facilitate an application by the Company for admission of the Company to the official list of ASX and position the Company to seek to achieve the objectives set out in Sections 2.6 and 4.

2.6 Objectives of the Offer and Use of Funds

The Company intends to apply funds raised from the Offer over the first two years following admission of the Company to the Official List of ASX as follows:

Funds available				
Existing cash reserves		-		
Funds raised from the Offer		\$4,750,000		
Total		\$4,750,000		
Allocation of funds	Year 1	Percentage of Funds (Year 1)	Year 2	Percentage of Funds (Year 2)
Expenses of the Offer ¹	\$525,849	11.1%		
Exploration Program Costs ²	\$970,000	20.4%	\$1,086,000	22.8%
Project Mining Right Maintenance Costs ³	\$35,000	0.74%	\$35,000	0.71%
Cash Consideration for Acquisition of Calatos ⁴	\$70,000	1.5%		
Future projects investigation and acquisition analysis ⁵	\$25,000	0.53%	\$25,000	0.53%
Administration costs	\$125,000	2.6%	\$125,000	2.6%
Promotion and marketing	\$35,000	0.7%	\$50,000	1.1%
Accrued Directors/Staff Fees ⁶	\$64,275	1.4%		
Working capital ⁷	\$750,000	15.8%	\$831,876	17.5%
Total	\$2,600,124	54.8%	\$2,152,876	45.2%

1. The Company has entered into a Loan Facility Agreement with GTT pursuant to which GTT has agreed to advance up to \$180,000 to the Company (**Loan Facility Agreement**). Several costs of the Offer have been paid via funds drawn down under the Loan Facility Agreement with GTT. These costs will be reimbursed upon successful completion of the Offer. Refer to the terms of the Loan Facility Agreement in Section 10.2. See also Section 11.6 for further details of the expenses of the Offer.
2. Refer to the Independent Geologist's Report in Section 5 for further details.
3. Refer to the Independent Geologist's Report in Section 5 and the Legal Report in Section 6 for further details.
4. Pursuant to the terms of the Share Purchase Agreement. Refer to Section 10.1 for further details.
5. Refer to Section 4 for further details.
6. Approximately \$[64,275] of Directors and staff fees (inclusive of superannuation) was accrued as at 31 October 2017. See Section 2.16 for further information. The Directors and Company Secretary have agreed to take reduced fees for the period up to the Company's Shares obtaining Official Quotation. The aggregate reduced fees are capped at \$64,275.
- 7.

Allocation of funds	Year 1	Percentage of Funds (Year 1)	Year 2	Percentage of Funds (Year 2)
Travel expenses	\$85,000	1.8%	\$120,000	2.5%
Lead Manager Fee*	\$120,000	2.5%	\$120,000	2.5%
Insurance	\$30,000	0.6%	\$30,000	0.6%
Director and Management Fees	\$257,100	5.4%	\$257,100	5.4%
Miscellaneous	\$257,900	5.4%	\$304,776	6.4%
Total	\$750,000	15.8%	\$831,876	17.5%

* This amount is the monthly fee of \$10,000 payable to GTT for corporate advisory services to be provided pursuant to the Lead Manager Mandate from the date of acquisition of the Project. See section 10.7 for more information.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives.

The above tables are a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

2.7 Capital Structure

The capital structure of the Company following completion of the Offer is summarised below:

Shares¹	Number
Shares currently on issue ²	3,000,000
Consideration Shares to be issued to the Vendor ³	500,000
Shares to be issued to Lead Manager ⁴	3,500,000
Shares to be issued pursuant to the Offer	23,750,000
Total Shares on completion of the Offer and Acquisition	30,750,000

Options⁵	Number
Unlisted Options to be issued (exercisable at \$0.30 each on or before 1 August 2020)	11,000,000
Total Options on completion of the Offer	11,000,000

1. The rights attaching to the Shares are summarised in Section 11.1.
2. The Shares currently on issue were issued at incorporation of the Company on 5 May 2017.
3. Consideration Shares to be issued to the Vendor as part consideration for the Acquisition. Refer to the terms and conditions of the Share Purchase Agreement described in Section 10.1.
4. Shares to be issued to GTT (or nominees). Refer to the terms and conditions of the Lead Manager Mandate described in Sections 2.10 and 10.7.
5. The full terms and conditions of the Options are set out in Section 11.2.

2.8 Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offer are set out in the respective tables below.

As at the date of the Prospectus:

Shareholder	Shares	Options	Percentage Holding
Syracuse Capital Pty Ltd <Tenacity A/C> ¹	1,000,000	Nil	33.33%
Mounts Bay Investments Pty Ltd <Calver Capital A/C> ²	1,000,000	Nil	33.33%
Kcirtap Securities Pty Ltd <N&P Glovac Family A/C> ³	1,000,000	Nil	33.33%

On completion of the Offer (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer):

Shareholder	Shares	Options	Percentage Holding (undiluted)	Percentage Holding (fully diluted)
Syracuse Capital Pty Ltd <Tenacity A/C> ¹	1,000,000	Nil	3.25%	2.40%
Mounts Bay Investments Pty Ltd <Calver Capital A/C> ²	1,000,000	Nil	3.25%	2.40%
Kcirtap Securities Pty Ltd <N&P Glovac Family A/C> ³	1,000,000	5,000,000	3.25%	14.37%
GTT Ventures Pty Ltd	3,500,000	Nil	11.38%	8.38%
Syracuse Capital Pty Ltd <Tenacity A/C>, Mounts Bay Investments Pty Ltd <Calver Capital A/C>, Kcirtap Securities Pty Ltd <N&P Glovac Family A/C> and GTT Ventures Pty Ltd ⁴	6,500,000	5,000,000	21.14%	27.54%

1 This entity is controlled by Rocco Tassone, a director of GTT.

2 This entity is controlled by Mr Charles Thomas, a director of GTT.

3 This entity is controlled by Mr Patric Glovac, a Director of the Company and a director of GTT.

In light of the Takeover Panel's decision (referred to in section 2.18 below) and out of an abundance of caution, Mr Glovac has taken the view that as at the date of this Prospectus, he considers himself an "associate" in respect of the stated shareholdings in the Company. The Company will announce to the ASX details of its top 20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on ASX.

2.9 Restricted Securities

Subject to the Company being admitted to the Official List, certain Shares and Options will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

It is estimated that 7,000,000 Shares will be subject to escrow as follows:

- (j) 3,000,000 Shares for 24 months from the date of official quotation (primarily held by seed capital investors which includes the Directors (or nominee(s));
- (k) 3,500,000 Shares for 24 months from the date of official quotation (primarily held by GTT and/or its nominees); and
- (l) 500,000 Share for 24 months from the date of official quotation (primarily held by the Vendor or his nominee(s)).

It is estimated that 11,000,000 Options will be subject to escrow for 24 months from the date of Official Quotation (primarily held by the Directors (or nominee(s) and promoters).

Based on the above estimates, the Company anticipates its free float upon commencement of trading on ASX will be approximately 77.2% on an undiluted basis and approximately 56.9% on a fully diluted basis.

The Company will announce to the ASX full details (quantity and duration) of the Shares and Options required to be held in escrow prior to the Shares commencing trading on ASX.

2.10 Lead Manager

The Offer is managed by GTT Ventures Pty Ltd (**GTT**) pursuant to the terms of the Lead Manager Mandate the Company will pay the Lead Manager the following fees in respect of the Offer:

- (a) a management fee of 1% (plus GST) of the total proceeds raised under the Offer;
- (b) a capital raising fee of 5% (plus GST) on funds raised by GTT in respect of the Offer; and
- (c) \$50,000 (plus GST) together with the issue of 3,500,000 Shares to GTT for lead broker services upon successful completion of the capital raise linked to the Offer.

The Company will also engage GTT as its corporate advisor for a period of 18 months from the date of acquisition of the Project for a fee of \$10,000 per month (plus GST).

Patric Glovac, a Director of the Company, is a Director of GTT.

2.11 For further details relating to the Lead Manager Mandate, refer to Section 10.7.Financial Information

The Company was only recently incorporated (5 May 2017) and has no operating history and limited historical financial performance. Further, Calatos was only incorporated on 5 April 2017 and has no operating history and limited historical financial performance.

As a result, the Company is not in a position to disclose any key financial ratios other than the information set out below and the information included in the Investigating Accountant's Report set out in Section 7.

BDO has prepared an Investigating Accountant's Report (see Section 7) which incorporates the audited financial information for the Company from its date of incorporation (5 May 2017) to 30 June 2017.

2.12 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

2.13 Dividend Policy

The Company anticipates that significant expenditure will be incurred in the evaluation and development of its business and the exploration of the Project are expected to dominate the two year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

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 availability of distributable earnings and operating results and 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.

2.14 Directors and Key Personnel

The Directors of the Company are as follows:

- (a) Mark Connelly (Non- Executive Chairman);
- (b) Patric Glovac (Executive Director); and
- (c) Jason Brewer (Non-Executive Director).

Please see Section 9 below for further information regarding the experience and qualifications of the Directors. Refer to Section 2.16 for disclosure of the interests of Directors in the Securities of the Company.

2.15 Corporate Governance

To the extent applicable, in light of the Company's size and nature, the Company has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (**Recommendations**).

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined in Section 9.3 and the Company's compliance and departures from the Recommendations are set out in Section 9.14.

In addition, the Company's full Corporate Governance Plan is available from the Company's website www.taocommodities.com.au.

2.16 Disclosure of Interests

The Company has paid no remuneration to its Board since incorporation to the date of this Prospectus. Remuneration will accrue until such time as the Company is admitted to the Official List.

For each of the Directors, the proposed annual remuneration (exclusive of statutory superannuation) for the financial year following the Company being admitted to the Official List together with 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	Remuneration ¹	Shares ²	Options ³
Mark Connelly	\$60,000	Nil	3,000,000
Patric Glovac	\$84,000	1,000,000 ⁴	5,000,000
Jason Brewer	\$36,000	Nil	2,000,000

- 1. Refer to Section 2.6 for details of accrued director / staff fees which will be repaid out of Offer funds.
- 3. The Options will be issued subject to completion of the Offer to the Directors or their nominees. Refer to Section 11.2 for the full terms of the Options.
- 3. The Directors do not intend to participate in the Offer.
- 4. These Shares are held by an entity which Patric Glovac controls as set out in Section 2.8.

In addition to the above:

- (a) GTT (or its nominees) will receive 3,500,000 Shares under the Lead Manager Mandate as described in Sections 2.10 and 10.7. Patric Glovac, a Director of the Company, is also a director and shareholder of GTT.
- (b) Of the Shares to be issued to GTT under the Lead Manager Mandate, Mr Brett Lambert (a former director of the Company) will receive 50,000 Shares in his capacity as a nominee of GTT.
- (c) Mr Brett Lambert (a former director of the Company) will also receive 1,000,000 Options in respect of directors' fees which accrued from his appointment on 5 May 2017 and his resignation on 11 August 2017.

2.17 Agreements with Related Parties

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

Lead Manager Mandate

The Company has entered into the Lead Manager Mandate with GTT for the provision of lead manager services in respect of the Offer and corporate advisory services for the period of 18 months from the date of acquisition of the Project.

On the basis set out at section 2.18 below, GTT is a related party of the Company.

Before entering into the Lead Manager Mandate the two independent Directors of the Company considered the terms of the Lead Manager Mandate in light of the fees and terms of comparable third party lead management agreements for similar transactions and formed the considered view that the Lead Manager Mandate was on arms' length and commercial terms.

GTT will be paid cash and scrip fees under the Lead Manager Mandate. For further details regarding the Lead Manager Mandate please refer to Sections 2.10 and 10.7.

Loan Facility Agreement

The Company has entered into the Loan Facility Agreement with GTT pursuant to which GTT has agreed to advance up to \$180,000 to the Company. The Company may only use the funds in relation to costs associated with the Share Purchase Agreement, preparing the Prospectus, and applying for admission to the Official List.

The Loan Facility Agreement is repayable on the earlier of the Company being admitted to the Official List, or 23 February 2018. Other than interest payable on any overdue amounts, there are no set up fees, interest payments or other costs to the Company under the Loan Facility Agreement.

As at the date of this Prospectus, the Company has drawn down approximately \$174,720 under the Loan Facility Agreement.

For further details regarding the Loan Facility Agreement, please refer to Section 10.2.

Executive and Non-Executive Service Agreements

The Company has entered into service agreements with the Directors. The key terms of the Company's agreements with the Directors are set out in Section 10.

Deeds of indemnity, insurance and access

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers in certain circumstances.

For further details of the material contracts to which the Company is party to, please refer to Section 10.

Related Party Interests

Interests of related parties in Securities of the Company are set out in Section 2.16 above.

2.18 Disclosure Regarding GTT

The directors of GTT are Mr Glovac, Mr Rocco Tassone and Mr Charles Thomas. Mr Glovac is a director of Kcirtap Securities Pty Ltd, Mr Tassone is the sole director of Syracuse Capital Pty Ltd and Mr Thomas is the sole director of Mounts Bay Investments Pty Ltd. As set out in the tables in section 2.8 above, GTT and Messrs Glovac, Tassone and Thomas (via Kcirtap Securities Pty Ltd, Syracuse Capital Pty Ltd and Mounts Bay Investments Pty Ltd, respectively) will in aggregate (at completion of the Offer on an undiluted basis) hold approximately 21.14% of the issued capital of the Company.

The pre-IPO 3,000,000 Shares issued to and held by Messrs Glovac, Tassone and Thomas were issued for nil consideration and currently have negligible value. However, after completion of the Offer that shareholding will represent approximately 9.76% of the undiluted issued capital of the Company and its value will be based on the prevailing Share price following Official Quotation. It is noted this shareholding will likely be subject to ASX imposed restriction agreements of up to 24 months following completion of the Offer.

Pursuant to the Lead Manager Mandate, GTT will receive \$50,000 (plus GST) upon successful completion of the Offer and Mr Glovac may benefit from that payment as a director or shareholder of GTT.

Additionally, on 8 July 2016, the Takeovers Panel made a declaration of unacceptable circumstances in relation to action taken by Mr Glovac, GTT and others with respect to a rights issue and placement in Sovereign Gold Company Limited. The Takeovers Panel found that Messrs Glovac, Tassone and Thomas and Applabs Technologies Limited were associates (under section 12(2) of the Corporations Act). Further, the Takeover Panel at paragraph 39 specifically found that *"We consider that Glovac, Tassone and Thomas work closely together as founding partners and directors of GTT and in the absence of specific disagreement we consider that the acts and wishes of GTT are the acts and wishes of all three of them together."* As a result of that declaration, Mr Glovac, GTT and others were ordered to divest certain shares held by Mounts Bay Investments Pty Ltd and Syracuse Capital Pty Ltd. The Panel's reasons for its decision is available on the Takeovers Panel website.

Accordingly, investors should consider the Takeover Panel's finding that Messrs Glovac, Tassone and Thomas were associates (under section 12(2) of the Corporations Act) as part of their consideration in making an investment decision in the Company.

3. Details of the Offer

3.1 The Offer

Pursuant to this Prospectus, the Company invites applications for 23,750,000 Shares at an issue price of \$0.20 per Share to raise \$4,750,000.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

The Company believes that, following completion of the Offer, the Company will have sufficient working capital to achieve its objectives as set out in this Prospectus.

3.2 Minimum subscription

If the Minimum Subscription to the Offer of \$4,750,000 has not been raised within 3 months after the date of this Prospectus, the Company will not issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

3.3 Conditions of the Offer

Completion of the Offer under this Prospectus is subject to:

- (a) completion of the Acquisition;
- (b) the Company raising the Minimum Subscription; and
- (c) the Company receiving conditional approval from ASX for quotation of the Company's Shares on ASX, on conditions reasonably acceptable to the Company.

There is a risk that the conditions to the Offer may not be achieved. In the event the conditions to the Offer are not achieved, the Company will not proceed with the Offer and will repay all Application Monies received.

3.4 For Applicants who have previously submitted an Application Form

Applicants who have previously submitted an Application Form and do not want to withdraw their Application do not need to complete a Supplementary Application Form under this Second Replacement Prospectus in order to receive their Shares. However, such Applicants may lodge a Supplementary Application Form if they wish to apply for additional Shares in accordance with the instructions set out below for investors who have not previously submitted an Application Form.

Applicants who have previously submitted an Application Form and do want to withdraw their Application may withdraw their Applications and be repaid any Application Monies (without interest) if their Applications for withdrawal are made within one month of the date of this Second Replacement Prospectus, that is, by 1 January 2018. If you wish to withdraw your Application, you can do so by contacting the Company Secretary on (08) 6500 6872 or by email at anna@gttventures.com.au.

The Offer will remain open until the end of this one month withdrawal period.

3.5 Investors who have not previously submitted an Application Form

Applications for Shares under the Offer must be made using the Supplementary Application Form accompanying this Second Replacement Prospectus. Applications must not be made on the Application Form attached to or accompanying the Replacement Prospectus.

Applications for Shares must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares. Payment for the Shares must be made in full at the issue price of \$0.20 per Share.

Completed Supplementary Application Forms and accompanying cheques, made payable to "Tao Commodities Ltd – Share Offer Account" and crossed "Not Negotiable", must be mailed or delivered to the address set out on the Supplementary Application Form by no later than the Closing Date.

Alternatively, you can apply online at <https://investor.automic.com.au/taocommodities.html> and by BPAY.

Applications and payment must be received by the Closing Date.

The Company reserves the right to extend the Offer.

An original completed Supplementary Application Form, together with payment of the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Supplementary Application Form. The Supplementary Application Form does not have to be signed to be a valid Application. An Application will be deemed to have been accepted by the Company upon issue of the Shares.

3.6 ASX Listing

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

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

3.7 Issue of Shares

Subject to the minimum subscription to the Offer being reached and ASX granting conditional approval for the Company to be admitted to the Official List, the issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

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

The Directors will determine the allottees of all the Shares in their sole discretion. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

3.8 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

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

3.9 Oversubscriptions

No oversubscriptions will be accepted by the Company.

3.10 Offer Not Underwritten

The Offer is not underwritten.

3.11 Lead Manager

The Company has engaged GTT as the Lead Manager to the Offer. Refer to Sections 2.10 and 10.7 for details of the Lead Manager Mandate.

3.12 Information outside this Prospectus

The statement in 3.11 of the Replacement Prospectus *“The Company understands that information regarding the Company’s Offer has been available on websites which are not associated with the Company (including but not limited to www.raisebook.com)*. The Company did not review or endorse the information on these websites and potential investors should ignore all information that is not in this Prospectus when considering whether or not to take part in the Offer” was not correct.

This statement was not correct because Mr Glovac, a director of the Company, was aware of communications and information being provided to and subsequently published by www.raisebook.com. Despite www.raisebook.com being provided advertising content by GTT, the Company does not consider www.raisebook.com to be a promoter of the Offer.

Accordingly, the Company is aware that information regarding the Company’s Offer has been available on websites which are not associated with the Company (including but not limited to www.raisebook.com). This information is not relevant to the Company’s Offer and potential investors should ignore this information when considering whether or not to take part in the Offer.

All Applicants or potential investors should only base their investment decision on the information contained in this Second Replacement Prospectus.

4. Company Overview

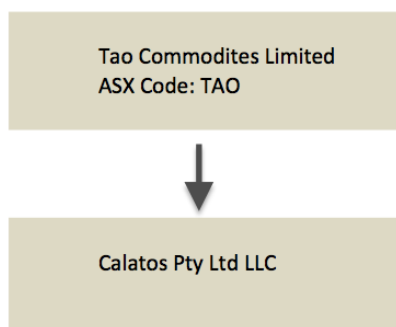
4.1 Background

The Company was incorporated on 5 May 2017.

The Company has entered into a Share Purchase Agreement to acquire Calatos Pty Ltd LLC, the terms of which are set out in Section 10.1.

Pursuant to the terms of the Share Purchase Agreement, on completion of the Acquisition, the Company's wholly owned subsidiary Calatos Pty Ltd LLC will be the 100% legal and beneficial holder of the Mining Rights which comprise the Project.

The corporate structure will therefore be as set out below:



The Mining Rights are of early stage exploration potential, however with historical mining and exploration activity located in close proximity within the region, the Company considers the Project has strong economic potential. As at the date of this Prospectus, neither the Company nor Calatos have conducted any on-ground exploration on the Project. Following completion of the Offer and listing, the Company intends to move quickly into an exploration program consisting of sampling, mapping, geophysics and drilling across the Mining Rights.

4.2 Business Model

The primary objective of the Company is to focus on mineral exploration opportunities that have the potential to deliver growth of the Company for the benefit of the Shareholders. Pursuant to the terms of the Share Purchase Agreement, the Company intends to acquire and undertake exploration on the Project. The Company will also seek to pursue new projects in the resource sector which are complementary to the Project.

Accordingly, the Company's business model is to simultaneously:

- (a) undertake exploration on the Milford Project to discover and develop economic mineral deposits with a focus on the adoption of best practice standards to undertake systematic data driven exploration. The Company will conduct regional geological mapping and sampling along the Silver Bear/Moccasin and Captain Jack trends to identify drill ready areas, with the hopes of delineating a maiden JORC resource and, subject to exploration success, assess near term production opportunities utilising existing infrastructure in close proximity; and
- (b) pursue new projects and opportunistic acquisitions in the resource sector which complement the Project to create additional Shareholder value. If and when a viable investment opportunity is identified, the Board may elect to acquire or exploit such opportunity by way of acquisition, joint venture, and/or earn in arrangement, which may involve the payment of consideration in cash, equity or a combination of both. The Board will assess the suitability of investment opportunities by utilising its experience in evaluating projects.

4.3 The Project

The Project consists of 100 Mining Rights on US Bureau of Land Management (BLM) administered land covering approximately 8.36km². Detailed information in relation to the Mining Rights is set out in the Legal Report on US Mining Rights in Section 6 and in the Independent Geologist's Report in Section 5.

The Project is situated at 38 latitude 48' N / 113 longitude 38' W at an altitude of 1,515m approximately 6km west of the town of Milford. Access is via numerous maintained gravel roads and farm track (Figure 2 and 3).



Figure 2



Figure 3

Utah has been ranked number 10 (2015) and number 11 (2016), among 109 countries across the globe for its geological and mineral policy attractiveness and continues to support a strong mining industry highlighted by Rio Tinto's Bingham Canyon copper mine, which is one of the largest open pit mines in the world.

The Company believes that operating within a well established mining jurisdiction has the benefit of greatly improving its ability to implement its business model in a cost effective and timely manner. Additionally, the existence of established mining operations located within Utah will allow the Company to source the required geological and technical expertise as and when required along with plant and equipment for planned exploration activities.

4.4 Climate and physiography

Vegetation on the Project area is desert scrubland and is rugged with elevations from 1,600m to 1,800m above sea level.

The climate ranges from an average summer temperature of 24 degrees Celsius to an average winter temperatures of -2 degrees Celsius. Precipitation averages 25.4 cm per year with annual average snowfalls of 86 cm per year.

The Milford, Beaver Country area is predominantly fan remnants fed by mountains composed of Pre-Cambrian quartzite Paleozoic dolomite and tertiary extrusive igneous rocks.

The Company believes that the climate and physiography of the region will not impede its planned exploration activities and allow for extended periods of access to the Project throughout the year.

4.5 Infrastructure

The Mining Rights are located close to major infrastructure including rail road, highway, power and 200km south of Salt Lake City, the Utah state capital. Power lines and gas pipelines transect the south east corner of the Project, and Union Pacific Railway passes through Milford.

To the north is the Bingham Canyon mine, one of the world's largest copper mines. The Bingham Canyon mine (operated by Rio Tinto) is reported to generate over 300,000 tons of copper and 400,000 ounces of gold every year, having produced an estimated 19 million tonnes of copper.

Nearby, to the Project area, the former Western Utah Copper Corporation initially commenced operations in 2008. Recently the property has changed owners and is under the control of CS Mining LLC. The leases controlled by CS Mining LLC are approximately 10 km away from the Project and consist of a flotation mill.

The location of the Milford Project will reduce the Company's need to expend funds on costly infrastructure to create access to the Project. In addition, its locality to Milford town will provide cost effective accommodation for field activities without the need to create portable or remote accommodation.

4.6 Utah Geology

Utah comprises parts of three major physiographic provinces, each with characteristic landforms and geology (Figure 4). These include the Basin and Range Province, the Middle Rocky Mountains Province, and the Colorado Plateau Province. An overlapping of two of these provinces essentially forms a fourth distinctive physiographic region. The Basin and Range-Colorado Plateau Transition Zone extends through central and south western Utah, and contains physiographic and geologic features similar to both the Basin and Range and Colorado Plateau Provinces.

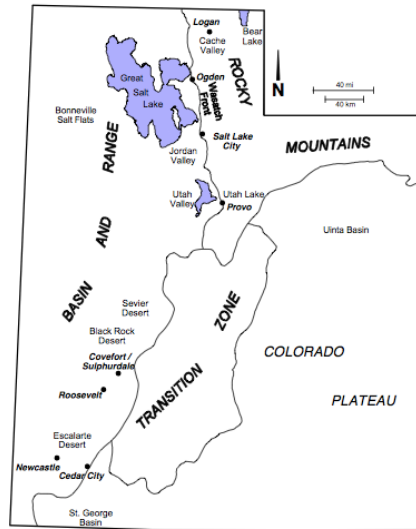


Figure 4 *Physiographic provinces of Utah (Utah Geological Survey, Open File Report 311, 1994).*

Milford is located in east-central Beaver Country in the Escalante Desert, a basin situated between the Mineral Mountains to the east and the smaller Star Range to the west (Figure 2).

Sedimentary and igneous rocks outcrop in the northwest corner of the Milford Flat quadrangle and the remainder are alluvium. Sedimentary rocks, excluding alluvium, range from Permian to Jurassic age. The Permian is represented by the Talisman Quartzite, Toroweap Formation and Kaibab Limestone, the Triassic by the Moenkopi Formation, Shinarump Conglomerate and the Chinle Formation, and the Jurassic by the Navajo Sandstone.

The sedimentary rocks represent the east limb of a northeast-trending fold. They are cut by faults of several ages, the oldest being northeast-southwest normal faults. East-west cross-cutting faults are pre- and post-intrusion. Northeast-southwest normal faults are contemporaneous with the intrusion. Fissures on which no movement is evident trend east-west, northeast and northwest.

4.7 Local Geology

The Project is considered prospective for epithermal and replacement style precious and base metal mineralisation along structural corridors in reactive host rocks.

The Project area lies within the Star Range, a structurally controlled basin and range style mountain range consisting of block faulted sediments, predominantly siliciclastics and carbonates, of Paleozoic to Tertiary Age. This package of generally northerly striking, east dipping sediments has been intruded by and metamorphosed by intrusive rocks of granitic composition.

Sedimentary rocks in the district consist of limestone, dolomite, and shale ranging in age from Late Cambrian (515 million years old) to Late Ordovician (458 million years old). These rocks formed from sediments that were deposited on a wide, shallow shelf along the eastern edge of a large ocean. From the Middle Jurassic to early Tertiary (170 to 40 million years ago), these rocks were uplifted, folded, and faulted during the Sevier orogeny.

Approximately 35 million years ago, volcanic lava flows covered the immediate area followed by magma intrusions 31 to 28 million years ago. Hydrothermal (hot) fluids from the cooling magma bodies migrated upward through pre-existing faults and fractures creating the ore deposits of the district namely, replacement deposits, skarns and breccia pipes.

Replacement deposits are the most important type of ore body found in the district. The Horn Silver ore body is an example of a replacement deposit that formed along the Horn Silver fault. The maximum dimensions of the ore body were approximately 700 feet along strike, 100 feet in width, and 1,000 feet in length. The ore host rock consists of Cambrian limestone and shale of the ore formation (approximately 515 million years old).

Skarns are small deposits found along the contact of the intruded rock (quartz monzonite) with carbonate rocks in the district. At the Cupric mine, copper ore was mined from a skarn deposit. Mineral deposits within the granodiorite in the district are referred to as breccia pipes or breccia zones. A breccia pipe is a pipe-like body composed of angular or rounded rock fragments of the country rock held together by natural mineral cement. At the Cactus mine, breccia pipes may have formed from faulting or hydrothermal alteration (where soluble material has been partly or completely removed by a hot water solution causing the overlying rock to collapse).

The Company believes that the region, which hosts abundant historic workings, remains significantly underexplored, particularly in light of modern technological advancements in mineral exploration and the increased understanding of mineral systems.

For further information, refer to the Independent Geologist's Report in Section 5.

4.8 Proposed Exploration

It is proposed that a cost-effective exploration program will be implemented. An emphasis placed on drilling, which will focus on drilling targets identified by previous exploration work, particularly to extend known mineralisation.

During the first 12 months, the Company proposes to conduct regional geological mapping and sampling along the Silver Bear/Moccasin and Captain Jack trends to identify structural controls and prospective geological contacts. Soil Sampling is planned at Captain Jack to locate potential mineralised veins systems under soil cover.

Ground geophysics along prospective mineralised trends is also planned. Due to the sphalerite dominant nature of the Silver bear mineralisation, Induced Polarisation or closed spaced gravity may be effective in locating silicified zones or massive sphalerite zones, rather than EM. This will be determined once mapping has been completed and the physical properties of the mineralisation better understood. Planned exploration in the first 12 months includes diamond drilling on target zones identified from geological mapping and/or geophysics in the work program.

Follow up diamond drilling is planned in the second year on target zones identified from geological and geophysical surveys and initial diamond drilling results from the first work program. It should be noted that the budgets will be subject to modification on an ongoing basis depending on the results obtained from exploration undertaken.

The Company will engage skilled consultants to carry out the proposed exploration program on the Project as and when needed. The Company does not anticipate any difficulty in locating or engaging consultants to carry out the proposed exploration program.

A summary of Project exploration expenditure is set out below:

Exploration Budget - A\$			
	Year 1	Year 2	TOTAL
Regional Mapping	\$25,000	\$10,000	\$35,000
Rock Chip Sampling	\$45,000	\$12,000	\$57,000
Soil Sampling	\$38,000		\$38,000
Ground Geophysics	\$70,000	\$20,000	\$90,000
Drilling Budget			
Compensation / access	\$10,000	\$13,000	\$23,000
Field Staff	\$86,000	\$113,000	\$199,000
Logistic Support	\$92,000	\$122,000	\$214,000
Diamond Drilling	\$472,000	\$622,000	\$1,094,000
Overhead Costs	\$132,000	\$174,000	\$306,000
Totals	\$970,000	\$1,086,000	\$2,056,000

It is anticipated that the work program will enable the Company to establish an initial resource and/or uncover new mineral discoveries.

5. Independent Geologist's Report



Malcolm Castle
Agricola Mining Consultants Pty Ltd
P.O. Box 473, South Perth, WA 6951
Mobile: 61 (4) 1234 7511
Email: mcastle@castleconsulting.com.au
ABN: 84 274 218 871

24 November 2017

The Directors
Tao Commodities Ltd
22 Townshend Road
Subiaco WA 6008

Dear Sirs,

Re: INDEPENDENT GEOLOGIST'S REPORT ON MINERAL PROJECTS IN UTAH, USA

Agricola Mining Consultants Pty Ltd ("Agricola") has been commissioned by the Directors of Tao Commodities Ltd ("Tao" or the "Company") to provide an independent technical report ("Report") on the Milford Gold-Zinc Project in Beaver County, Utah, USA (the "Project") held by Calatos Pty Ltd LLC ("Calatos"). This Report is to be included in a Prospectus to be lodged by the Company with the Australian Securities and Investments Commission ("ASIC") in respect of the Company's initial public offer (the "Offer"). The funds raised under the Offer will be used for undertaking detailed geological exploration and working capital requirements.

The Project

The Project is considered prospective for epithermal and replacement style precious and base metal mineralisation along structural corridors in reactive host rocks. Calatos has acquired an area with numerous old workings, which were exploited for precious and base metals in the 1800s. Very little systematic modern day exploration has been completed, with little if any drilling data known to exist despite the evidence of extensive historical mining activity. Of primary interest are three areas prospective for replacement or manto/pipe-style base and precious metals.

Declarations

Relevant codes and guidelines

This Report has been prepared as a technical assessment in accordance with the Australasian Code for Public Reporting of Technical Assessment of Mineral Assets (the "VALMIN Code", 2015 Edition), which is binding upon Members of the Australasian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG"), as well as the rules and guidelines issued by the ASIC and the ASX Limited ("ASX") which pertain to Independent Expert Reports (Regulatory Guides RG111 and RG112, March 2011).

Where exploration results have been referred to in this report, they are historic in nature and were prepared pursuant to the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Agricola has reviewed information in historical available reports, and incorporated this information into JORC Table 1 format such that exploration results referred to in this report are in accordance with JORC Code 2012 (refer to the annexure to this report). Agricola has not reviewed or analysed the

source data from the available historical reports, nor has any additional data been obtained by Agricola.

Under the definition provided by the VALMIN Code, the mineral projects are classified as 'early stage exploration projects' where mineralisation may or may not have been identified, but where Mineral Resources have not been estimated. The properties are considered to be sufficiently prospective, subject to varying degrees of risk, to warrant further exploration and development of their economic potential.

This Report is not a Valuation Report (as defined in the VALMIN Code) and does not express an opinion as to the value of the mineral assets or make any comment on the fairness and reasonableness of any transactions related to the Offer. Aspects reviewed in this Report may include prices, socio-political issues and environmental considerations; however, the author does not express an opinion regarding the specific value of the assets and tenements involved.

Sources of Information

The statements and opinion contained in this Report are given in good faith and this Report is based on information provided by the title holders, along with technical reports prepared by consultants, previous tenements holders and other relevant published and unpublished data for the area. Agricola has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this Report is based. A final draft of this Report was provided to the Company along with a written request to identify any material errors or omissions prior to lodgement.

In compiling this Report, Agricola did not carry out a site visit to the Project areas. Based on its professional knowledge and experience and the availability of extensive databases and technical reports made available by various government agencies, Agricola considers that sufficient current information was available to allow an informed appraisal to be made without such a visit.

This Report has been compiled based on information available up to and including the date of this Report. Consent has been given for the inclusion of this Report in the Prospectus relating to the Offer and distribution of this Report in the form and context in which it appears. Agricola has no reason to doubt the authenticity or substance of the information provided.

This Report contains statements attributable to third persons. These statements are made in, or based on statements made in previous geological reports that are publicly available from either a government department or the ASX. The authors of these previous reports have not consented to the statements used in this Report, and these statements are included in accordance with ASIC Corporations (Consents to Statements) Instrument 2016/72.

Qualifications and Experience

The person responsible for the preparation of this Report is:

Malcolm Castle, B.Sc.(Hons), GCertAppFin (Sec Inst), MAusIMM

Malcolm Castle has over 40 years' experience in exploration geology and property evaluation, working for major companies for 20 years as an exploration geologist. He established a consulting company over 20 years ago and specializes in exploration management, technical audit, due diligence and property valuation at all stages of development. He has wide experience in a number of commodities including uranium, gold, base metals, iron ore and mineral sands. He has been responsible for project discovery through to feasibility study in Australia, Fiji, Southern Africa and Indonesia and technical audits in many countries. He has completed numerous Independent Geologist's Reports and Mineral Asset Valuations over the last decade as part of his consulting business.

Mr Castle is a qualified and competent witness in a court or tribunal capable of supporting his valuation reports or to give evidence of his opinion of market value issues.

Mr Castle completed studies in Applied Geology with the University of New South Wales in 1965 and has been awarded a B.Sc.(Hons) degree. He has completed postgraduate studies with the Securities Institute of Australia in 2001 and has been awarded a Graduate Certificate in Applied Finance and Investment in 2004.

Mr Castle is the Principal Consultant for Agricola Mining Consultants Pty Ltd (ABN: 84 274 218 871), an independent geological consultancy established over 10 years ago. He is a Member of the AusIMM.

Declaration – VALMIN Code: The information in this Report that relates to Technical Assessment and Valuation of Mineral Assets reflects information compiled and conclusions derived by Malcolm Castle, who is a Member of AusIMM. Malcolm Castle is not a permanent employee of the Company.'

Malcolm Castle has sufficient experience relevant to the Technical Assessment and Valuation of the Mineral Assets under consideration and to the activity, which he is undertaking to qualify as a Practitioner as defined in the 2015 edition of the 'Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets'. Malcolm Castle consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears.'

Competent Persons Statement – JORC Code 2012: The information in this Report that relates to Exploration Results and Mineral Resources of the Company has been reviewed by Malcolm Castle, who is a Member of AusIMM. Mr Castle has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are undertaking to qualify as an Expert and Competent Person as defined under the VALMIN Code and in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code 2012"). Mr Castle consents to the inclusion in this Report of the matters based on the information in the form and context in which they appear.

Independence

Agricola or its employees and associates are not, nor intend to be a director, officer or other direct employee of the Company and have no material interest in the Project. The relationship with the Company is solely one of professional association between client and independent consultant. The review work and this Report are prepared in return for professional fees of \$11,000 plus GST based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Agricola and Malcolm Castle consent to the inclusion of the matters based on the information in the form and context in which they appear in the Company's Offer.

Yours faithfully



Malcolm Castle

B.Sc.(Hons), MAusIMM, GCertAppFin (Sec Inst)

Agricola Mining Consultants Pty Ltd ABN: 84 274 218 871

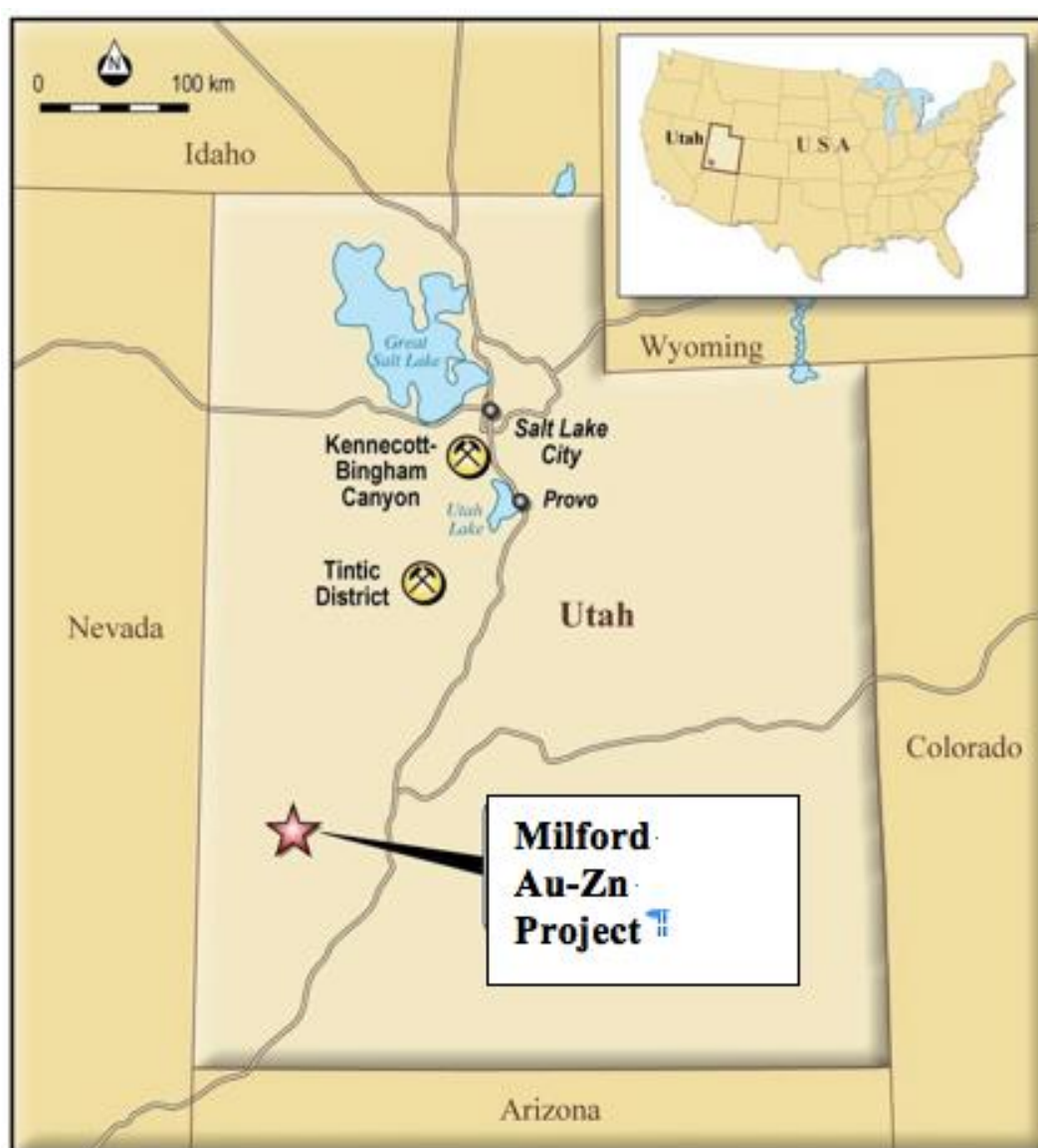
THE PROJECT

The Project is considered prospective for epithermal and replacement style precious and base metal mineralisation along structural corridors in reactive host rocks.

Calatos has acquired a highly prospective project area with numerous old workings, which were exploited for precious and base metals in the 1800s. Very little systematic modern day exploration has been completed, with little if any drilling data known to exist despite the evidence of extensive historical mining activity.

Of primary interest are three areas prospective for replacement or manto/pipe-style base and precious metals.

Numerous other old workings and prospects exist within the region, known as the San Francisco Mining District and some are sporadically pegged whilst others remain open. Further tenure could be acquired should exploration results justify it.

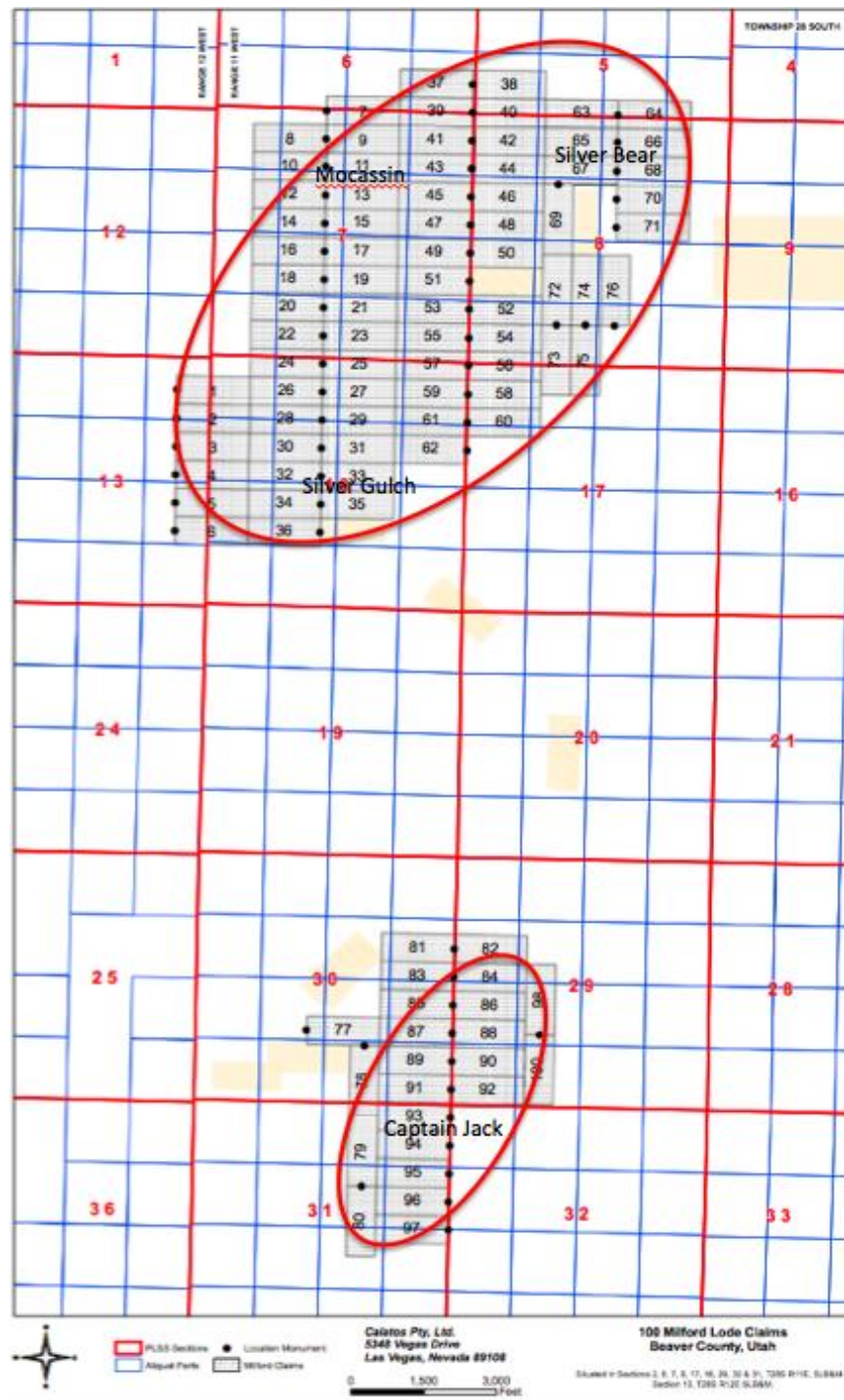


Location Map¹

¹ Source: Calatos May 2017, "Information Memorandum – Milford Gold-Zinc Project Beaver County, Milford, Utah, USA, Competent Person: Malcolm Castle

A package of 100 claims for 8.36km² has been secured covering mineralised structural corridors and reactive host rocks.

Mineral Claims	County	Status	Holder	Total Area
ML-001 to ML-100	Beaver County, Southern Utah, USA	Granted 24 April 2017	Calatos, 5348 Vegas Drive, Las Vegas, Nevada 89108	Each claim 1500 ft by 600 ft - total area 836.13 Ha



Location of Calatos Claims relative to the historic prospects of Captain Jack, Silver Gulch, Silver Bear and Moccasin as circled in red. Please note the areas circled in red are an indicative representation of the area of land subject to Calatos' claims, and that not all of the land previously claimed by Firestrike is claimed by Calatos.

Date: May 2017 Source: Calatos 2017, Competent Person: Malcolm Castle

LOCATION

The San Francisco Mining District covers the southern one-third of the San Francisco mountain range west of the town of Milford in Beaver County Southern Utah in the USA. The San Francisco Mining District can be reached by traveling west from Milford on State Highway 21 to the ghost town of Frisco.

The Project is located 6 km west of the town of Milford. Access is via numerous maintained gravel roads and farm tracks. Power lines and gas pipelines transect the SE corner of the Project, and Union Pacific Railroad passes through Milford.

Tenure is located both within Bureau of Land Management (“BLM”) and State Lands, which can vary regulatory procedures for exploration activities.

SAN FRANCISCO MINING DISTRICT, UTAH

The San Francisco Mining District lies in the center of Beaver County about 225 miles south/southwest of Salt Lake City, Utah and 98 miles northeast of Pioche, Nevada. Although the district was first created in 1871, it was not until five years later that the most significant discovery was made, a year after the Horn Silver Mine had been established and the settlement of Frisco completed.

The Indian Queen and Imperial Mines lie to the west, and to the east are found the King David, Golden Reef, and Horn Silver Mines. Rich mineral veins ran through the San Francisco Mountains, and discoveries in the region made Beaver one of the most important mining centers in the western United States.

*History*²

In 1870, the Cactus ore body was the first metallic mineral deposit discovered here, and the district was formally organized in 1871. Four years later, the Horn Silver ore body (the largest lead-silver ore body ever found in Utah) was discovered by James Ryan and Samuel Hawkes. These two prospectors sunk a shaft 30 feet and encountered chlorargyrite or horn silver (a rich silver ore), hence the name, Horn Silver mine.

Fearing that the ore deposit would be small, they decided to sell the claim five months later, in 1876, to A.G. Campbell, Matthew Cullen, Dennis Ryan, and A. Byram for \$25,000. These new owners proceeded to develop the ore body, erect a smelter, and process and sell the ore. During the three-year period from 1876 to 1879, the total value of mine production was \$2.54 million, which included almost 50 percent paid out as dividends. In 1879, they sold the greater part of their interest to the newly incorporated company, Horn Silver Mining, for \$5 million.³

The town of Frisco was established and by 1880 had about 800 inhabitants. Drinking water was brought to the town via the railroad from Black Rock, Utah about 30 miles to the east, or hauled by wagon for 10 miles from springs in the Wah Wah Mountains to the west. From 1880 to February 12, 1885, the mine was a constant producer until the upper 800 feet of the original shaft caved in. The desire for high production possibly caused disregard for good mining practice; miners reported the mine creaking and shifting prior to the cave-in. Luckily, the mine collapsed during a shift change and no one was hurt.

Mining resumed in 1886 and continued until 1952 with a brief period of inactivity from 1932 to 1937. From 1875 to 1952, the Horn Silver mine produced 834,000 tons of ore yielding

² Butler B.S. (1913) Geology and ore deposits of the San Francisco and adjacent districts, Utah. USGS Professional Paper 80, 212pp.

³ Department of Land Transfer Information 2012, The “Manning Mines” 20 Acre Lode Mining Claim in the Milford Mining District of Millard County, UT.

196,000 tons of lead, 17.9 million ounces of silver, 25,700 ounces of gold, 9,650 pounds of copper, and 23,300 pounds of zinc.

Other mines that produced ore in the district include the Beaver Carbonate group, Cactus, King David, Cupric, and the Frisco Contact. Of these, the Beaver Carbonate group (including the Carbonate, Rattler, and Quadmetals mines) was the largest silver producer. From 1879 to 1942, this group produced an estimated 92,900 tons of ore generating 12 million pounds of lead and 1.18 million ounces of silver. The Cactus mine was the most productive for gold and copper. From 1870 to 1957, the Cactus mine produced 1.40 million tons of ore yielding 13,500 ounces of gold, 34.5 million pounds of copper, and 301,000 ounces of silver.

From 1870 to 1976, the San Francisco district produced 2.36 million tons of ore that yielded 44,900 ounces of gold, 19.6 million ounces of silver, 44.1 million pounds of copper, 405 million pounds of lead, 46.8 million pounds of zinc, and 892 pounds of tungsten.⁴



Old workings in the San Francisco Mining District

Geology

The Project area lies within the Star Range, a structurally controlled Basin & Range style mountain range consisting of block faulted sediments, predominantly siliciclastics and carbonates, of Paleozoic to Tertiary Age. This package of generally northerly striking, east dipping sediments has been intruded by and metamorphosed by intrusive rocks of granitic composition.

Sedimentary rocks in the district consist of limestone, dolomite, and shale ranging in age from Late Cambrian (515 million years old) to Late Ordovician (458 million years old). These rocks formed from sediments that were deposited on a wide, shallow shelf along the eastern edge of a large ocean. From the Middle Jurassic to early Tertiary (170 to 40 million years ago), these rocks were uplifted, folded, and faulted during the Sevier orogeny.

Approximately 35 million years ago, volcanic lava flows covered the immediate area followed by magma intrusions 31 to 28 million years ago. Hydrothermal (hot) fluids from the

⁴ Department of Land Transfer Information 2012, The “Manning Mines” 20 Acre Lode Mining Claim in the Milford Mining District of Millard County, UT.

cooling magma bodies migrated upward through pre-existing faults and fractures creating the ore deposits of the district: (1) replacement deposits, (2) skarns, and (3) breccia pipes.

Replacement deposits are the most important type of ore body found in the district. The Horn Silver ore body is an example of a replacement deposit that formed along the Horn Silver fault. The maximum dimensions of the ore body were approximately 700 feet along strike, 100 feet in width, and 1000 feet in length. The ore host rock consists of Cambrian limestone and shale of the Orr Formation (approximately 515 million years old).

Skarns are small deposits found along the contact of the intruded rock (quartz monzonite) with carbonate rocks in the district. At the Cupric mine, copper ore was mined from a skarn deposit. Mineral deposits within the granodiorite in the district are referred to as breccia pipes or breccia zones. A breccia pipe is a pipe-like body composed of angular or rounded rock fragments of the country rock held together by natural mineral cement. At the Cactus mine, breccia pipes may have formed from faulting or hydrothermal alteration (where soluble material has been partly or completely removed by a hot water solution causing the overlying rock to collapse).⁵

Mineralogy

The ore bodies at the San Francisco Mining District contain gold, lead, silver, zinc, and copper. Primary orebearing minerals include chlorargyrite, galena, sphalerite, wurtzite, chalcopryite, stibnite, argentite, bornite, pyrite, and hematite. The zinc sulfides of sphalerite and wurtzite are common in the ores of the Horn Silver mine. These zinc minerals will luminate a yellow color when exposed to ultraviolet light (called fluorescence). These minerals will also spark when scratched with a metallic object. This rare and unusual property is known as triboluminescence. Secondary oxidized ore minerals are cuprite, azurite, malachite, cerussite, smithsonite, scorodite, and wulfenite.

Associated minerals include barite, gypsum, chalcantite, beaverite, jarosite, wollastonite, and calcite. Chalcantite and gypsum coat the walls of the King David mine. Beaverite, a hydrous sulfate of copper, lead, and iron, was first found and identified from the Horn Silver mine.⁶

Project Geology & Mineralisation

Outcrop is good although topography can be rugged with elevations ranging from ~1600m to over ~1800m above sea level. The Project area hosts numerous old workings throughout, the vast majority of which were exploited in the late 1800's for base and precious metals.

Anomalous Au, Zn, Ag and Pb mineralisation occurs at several prospect areas in siliceous and ferruginous vein/alteration/replacement systems, which are fault controlled and proximal with lithological contacts. Veins located at Captain Jack show vague epithermal textures over several hundred meters of strike.

PREVIOUS EXPLORATION⁷

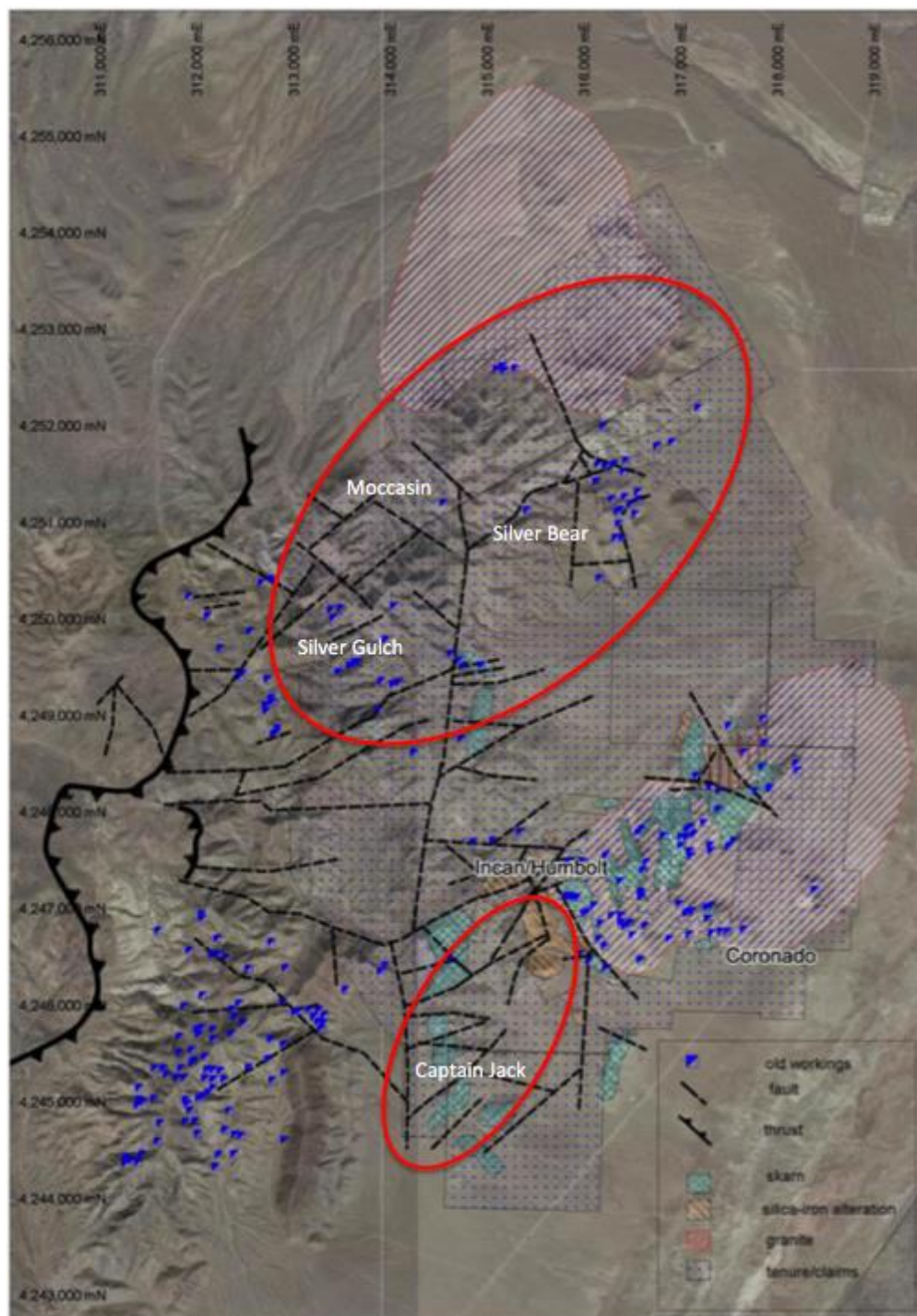
Agricola reviewed the information available in historical reports prepared for Firestrike Resources Ltd ("Firestrike"), and incorporated this information into this Report. Agricola has not reviewed or analysed the source data from these historical reports, not has any additional data been obtained by Agricola.

⁵ Department of Land Transfer Information 2012, The "Manning Mines" 20 Acre Lode Mining Claim in the Milford Mining District of Millard County, UT.

⁶ Ibid

⁷ Firestrike 2013, "Widespread high grade silver, lead and zinc along with elevated copper and gold discovered at surface." ASX Release 5 February 2013

In 2011-13, Firestrike entered into a joint venture with Escalante Mines LLC (the Elephant Canyon Project). The area of the Elephant Canyon claims encompass a number of historical mines and waste dumps active from the late 1800's to the late 1960's. Subsequent exploration and production was hampered by lower commodity prices and a lack of consolidated mining claims. With a strong metals price and Firestrike's ability to consolidate claims, the Elephant Canyon Project became a viable exploration proposition.

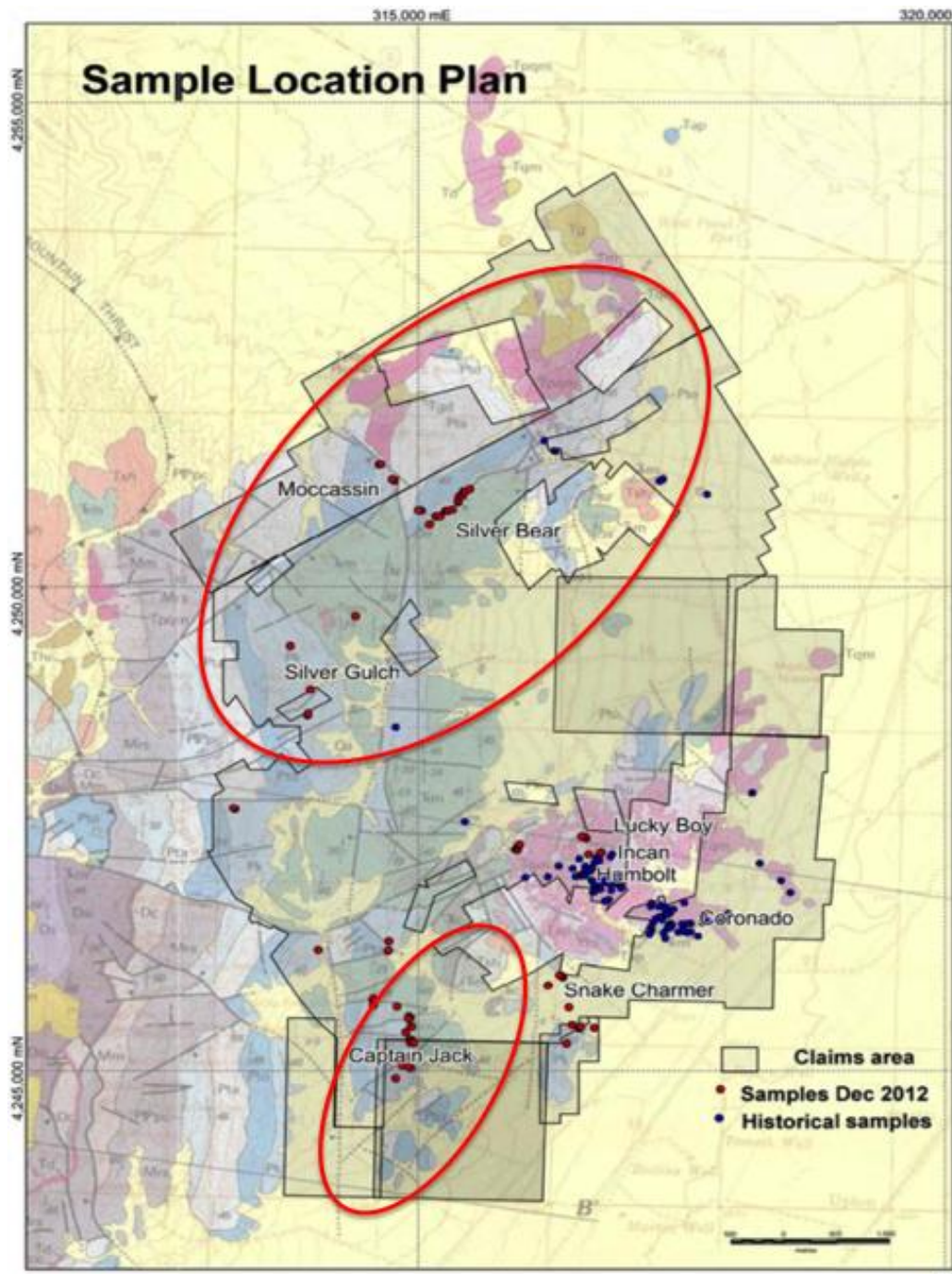


Structure and old workings within the Elephant Canyon Project⁸

Location of Calatos Claims relative to the historic prospects of Captain Jack, Silver Gulch, Silver Bear and Moccasin as circled in red. Please note the areas circled in red are an indicative representation of the area of land subject to Calatos' claims, and that not all of the land previously claimed by Firestrike is claimed by Calatos.

⁸ Source: Firestrike 2012, "Exploration Update, 23 November 2012

Nearby, the former Western Utah Copper Corporation initially commenced operations in 2008 running for approximately 18 months. Recently the property has changed owners and is looking to re-establish production in the coming months. Current resources reported at the mine include existing proven, indicated and inferred categories and the current owners report over 600,000 pounds of copper alone. This mill is approximately 10 kilometres from the existing claims held by the Company.



Firestrike Sample Locations 2012⁹

Location of Calatos Claims relative to the historic prospects of Captain Jack, Silver Gulch, Silver Bear and Moccassin as circled in red. Please note the areas circled in red are an indicative representation of the area of land subject to Calatos' claims, and that not all of the land previously claimed by Firestrike is claimed by Calatos.

⁹ Source: Firestrike 2013, "Widespread high grade silver, lead and zinc along with elevated copper and gold discovered at surface." ASX Release 5 February 2013

Firestrike completed rock sampling and RC drilling. A 2000m RC drilling programme was completed by the joint venture at the Coronado Prospect (outside of current Project) in late 2012 targeting a series of EW striking ferruginous quartz veins hosted within the granitic intrusive and skarns. Broad anomalous gold results were returned from skarn proximal to the intrusive contact.

In December 2012, Firestrike completed further surface sampling and prospecting at the Elephant Canyon Project in Utah to define the regional controls and characteristics of mineralised zones following on from recent drilling undertaken. A total of 241 samples (ECR001-241) were collected as continuous 'rock chip' channel samples, mineralised samples in outcrop derived from the existing workings or mullock /dump samples found in the area. The results have confirmed that elevated gold and copper continues to be associated with mineralised skarn as identified at several prospects including Lucky Boy and Lucky Boy North. More notably the sampling has highlighted abundant high grade silver fissure zones with associated lead and zinc particularly in the north of the current Project area at Silver Gulch, Silver Bear and Moccasin.



Silver Bear Prospect- Grab Sample from Mullock/Dump material & old headframe in northern part of prospect area. ECR189 – 14.6% Zn, 427 g/t Ag, 3.8% Pb, 0.4% Cu, 0.3 g/t Au

Field observations concurrent with the sampling has identified mineralisation in three broad styles:

- Skarn-related mineralisation: Visible malachite +/- azurite as fracture fill and disseminations was seen in the skarn at several localities, often in association with steeply dipping structures and also notably associated with the highly magnetic skarn proximal to the limestone contact.
- Siliceous and ferruginous vein systems which are considered to be fault controlled and may be associated with lithological contacts (though in the case of the Coronado trend simply structurally controlled). Veins located at prospects such as Captain Jack show epithermal textures over several hundred metres of strike.
- Siliceous, ferruginised and bleached vein-fissure fill systems that appear fault controlled and are associated with lithological contacts. This style is interpreted to be distal to the intrusive porphyry system. Mineralisation may be described as generally ferruginous quartz (+/- carbonate) vein fill material with some bleaching and manganese-staining. Fine grained pitting after possible sulphides in weathered

examples is observable. Minerals including malachite, azurite, sphalerite, Lead oxide minerals and siderite were also noted in some samples at Silver Bear, Moccassin and Captain Jack West prospects. Mineralisation has been traced for over 600 metres at Silver Bear and is considered open along strike.

A table of material results records the samples by prospect location with sample locations shown on the accompanying maps.¹⁰

PROSPECT NAME	MINERALISATION STYLE	SAMPLE NUMBERS	BREIF DESCRIPTION	SUMMARY OF ASSAY RESULTS
Silver Bear	Altered/Mineralised sediment	ECR189-229, 240-241 (excl ECR 192, 193, 195 – 197, 208-210, 221, 222, 225, 226)	Grab samples from outcrop & mullock/dump	Au average below limit* with two values of 3.3 g/t & 1.3 g/t Au . Average Pb value of 2.9% with a max value of 9.5% Pb ; average Zn value of 5.0% with max value 17.5% Zn Average Cu value 0.16% max value 0.59%; average Ag value of 112 g/t with a max value of 427 g/t
Silver Bear	Altered/Mineralised sediment	ECR192 -193	Channel sampling across adit- outcrop 1m intervals	Ag and Au below limit*. Average Pb value of 1.62% with a max value of 1.63%; average Zn value of 24.3% with max value 29.9% Zn ; Average Cu value 0.42% max value 0.58% 2m @ 24.3% Zn, 1.62% Pb, 0.42% Cu
Silver Bear	Altered/Mineralised sediment	ECR 195 -197	Channel sampling across adit , 1m to 1.5m intervals (total 3.5m)	Average value of 0.25% Cu with max 0.70%; average Pb value of 4.0% with max value 11.3% Pb ; average 0.82% Zn with max 2.18%; Average Ag of 222 g/t with max 630 g/t Ag . Au below limit*. 1m @ 11.3% Pb, 2.18 % Zn, 630 g/t Ag, 0.7% Cu (ECR195)
Silver Bear	Altered/Mineralised sediment	ECR221	1m channel sample across outcrop in shallow pit	1m @ 9.2 % Zn, 2.2 % Pb, 48.3 g/t Ag Cu 0.15%, Au below limit*
Silver Bear	Altered/Mineralised sediment	ECR222	1m channel sample across outcrop in shallow pit	1m @ 3.5% Zn, 2.6 % Pb, 54.4 g/t Ag Au and Cu below limit*
Silver Bear	Altered/Mineralised sediment	ECR225	1.2m channel sample in outcrop in shallow pit	1.2m @ 2.8% Zn, 1.8% Pb & 131 g/t Ag
Moccassin	Altered/Mineralised sediment	ECR203-207	Grab-Mullock	Peak Au to 7.2 g/t & 110 g/t Ag
Capt. Jack	Ferruginised/epithermal veining in sediment	ECR146-170	Grab-outcrop	Au to 0.99 g/t (ECR165) , min below limit. Cu, Pb, Zn, Ag below limit*, Single grab sample ERC153 0.15% Cu, 5.16% Pb 8.9% Zn 68 g/t Ag
Capt. Jack West	Ferruginised & bleached sediment	ECR171-181	Grab-outcrop	Au Cu Pb and Zn below limit* Peak Ag 248 g/t (ECR175) , min below limit
Silver Gulch	Gossanous fault zone in sediment	ECR230-232	Grab-Mullock	Au and Cu below limit*. Pb average value 3.7% with a max value 8.2%; Zn average value 4.6% max 5.3%; Ag average value 786 g/t Ag with a max value 1,560 g/t Ag

Samples collected as channel samples or grab samples taken from outcrop or float/dump material. Sample preparation was completed by SGS in Elko, Nevada where the samples were dried, crushing and pulverised to 750 micron particle size before being split and sent to SGS analytical Laboratories in Vancouver, Canada. Gold was determined using fire assay technique whilst the other elements were determined using total acid digest with analysis through ICP/MS. Lower detection limit was Au 0.1 ppb, Cu 1 ppm, Ag 0.02 ppm, Pb 2 ppm, Zn 2 ppm.

A regional rock sampling program was also completed by Firestrike and comprised grab, mullock/dump and channel samples. Several areas prospective for structurally controlled to Manto-pipe style base and precious metals have been secured within the Company's Project area. These are the Silver Bear/Moccassin, Silver Gulch and Captain Jack areas.

The material results above are as reported in the Firestrike ASX release¹¹ and are presented above without alteration.

¹⁰ Material results table and maps overleaf from Firestrike Resources Limited, 2013, "Widespread high grade silver, lead and zinc along with elevated copper and gold discovered at surface." ASX Release 5 February 2013.

The material results and sample location maps above are from the historical Firestrike report¹². Agricola has reviewed the information in the historical Firestrike report and incorporated this information into this Report in JORC Table 1 format such that exploration results referred to in this Report are in accordance with JORC Code 2012 (refer to the annexure to this Report). Agricola has not reviewed or analysed the source data from the available historical reports, nor has any additional data been obtained by Agricola.



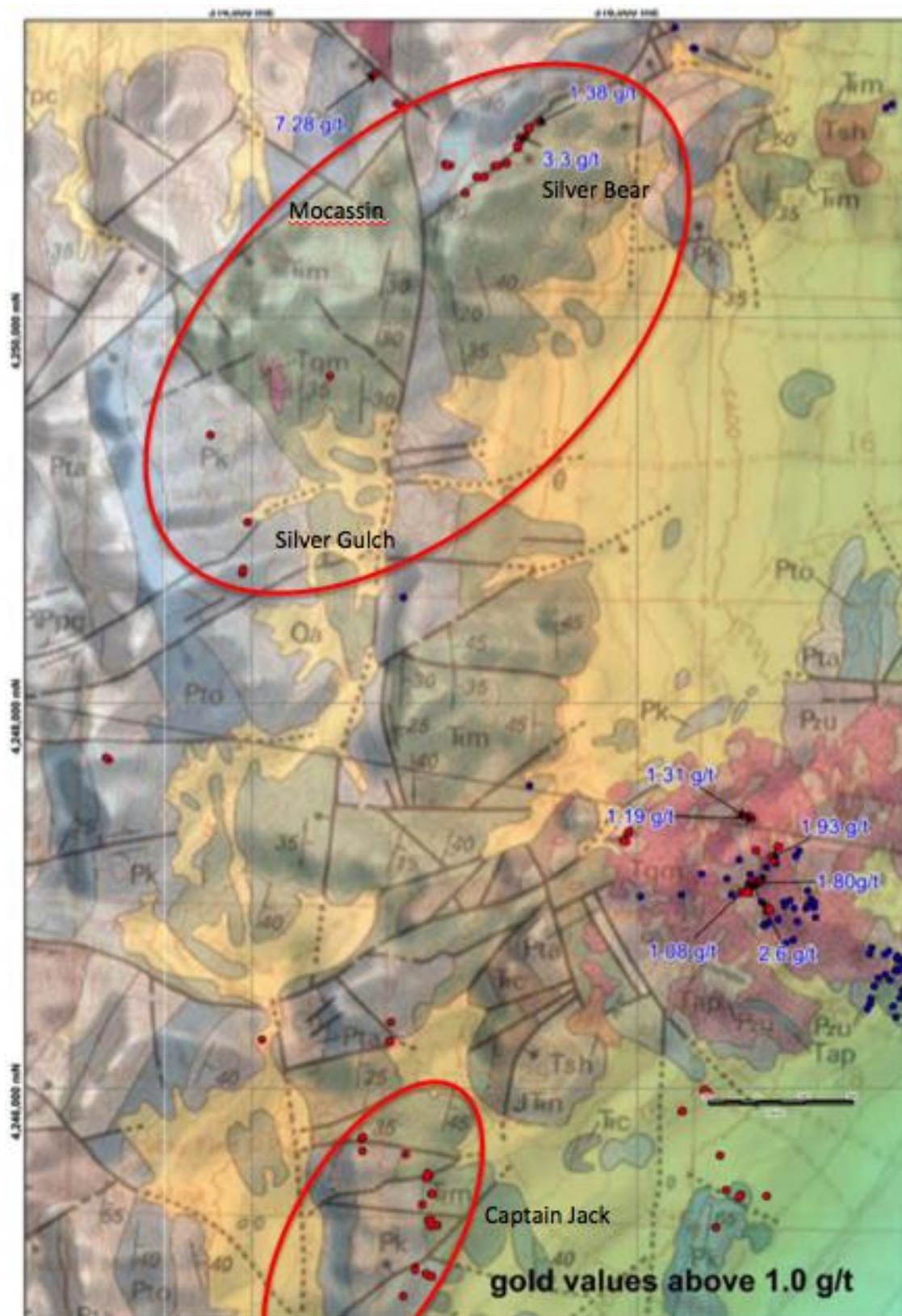
Captain Jack Prospect: ECR165 (0.99g/t Au in ferruginous quartz veins)



Abandoned workings on the San Francisco Mining District

¹¹ Firestrike Resources Limited, ASX Release dated 5 February 2013, “Widespread high grade silver, lead and zinc along with elevated copper and gold discovered at surface.”

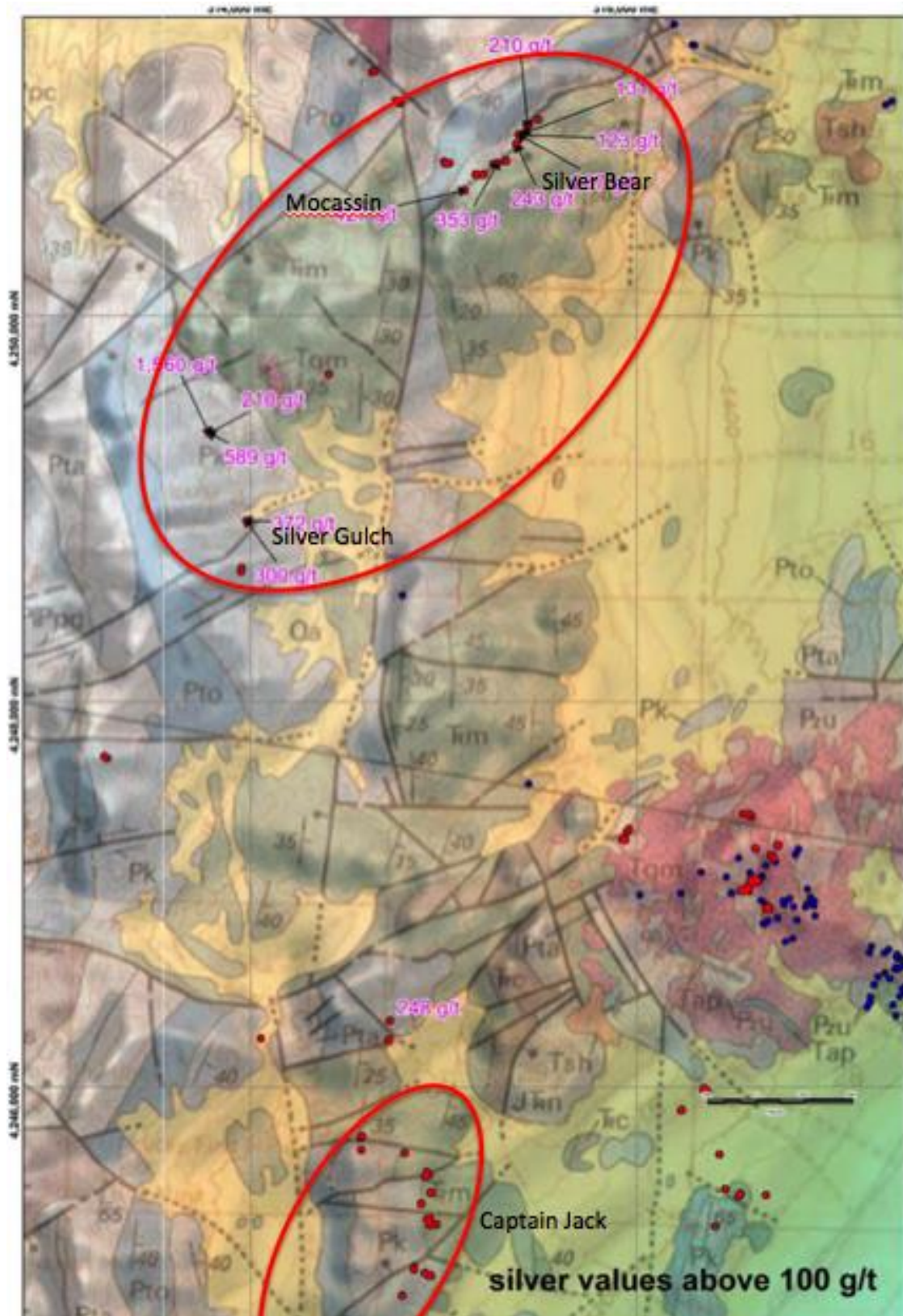
¹² Firestrike Resources Limited, ASX Release dated 5 February 2013, “Widespread high grade silver, lead and zinc along with elevated copper and gold discovered at surface.”



Gold Values from Rock Chip Sampling.¹³

Location of Calatos Claims relative to the historic prospects of Captain Jack, Silver Gulch, Silver Bear and Moccasin as circled in red. Please note the areas circled in red are an indicative representation of the area of land subject to Calatos' claims, and that not all of the land previously claimed by Firestrike is claimed by Calatos.

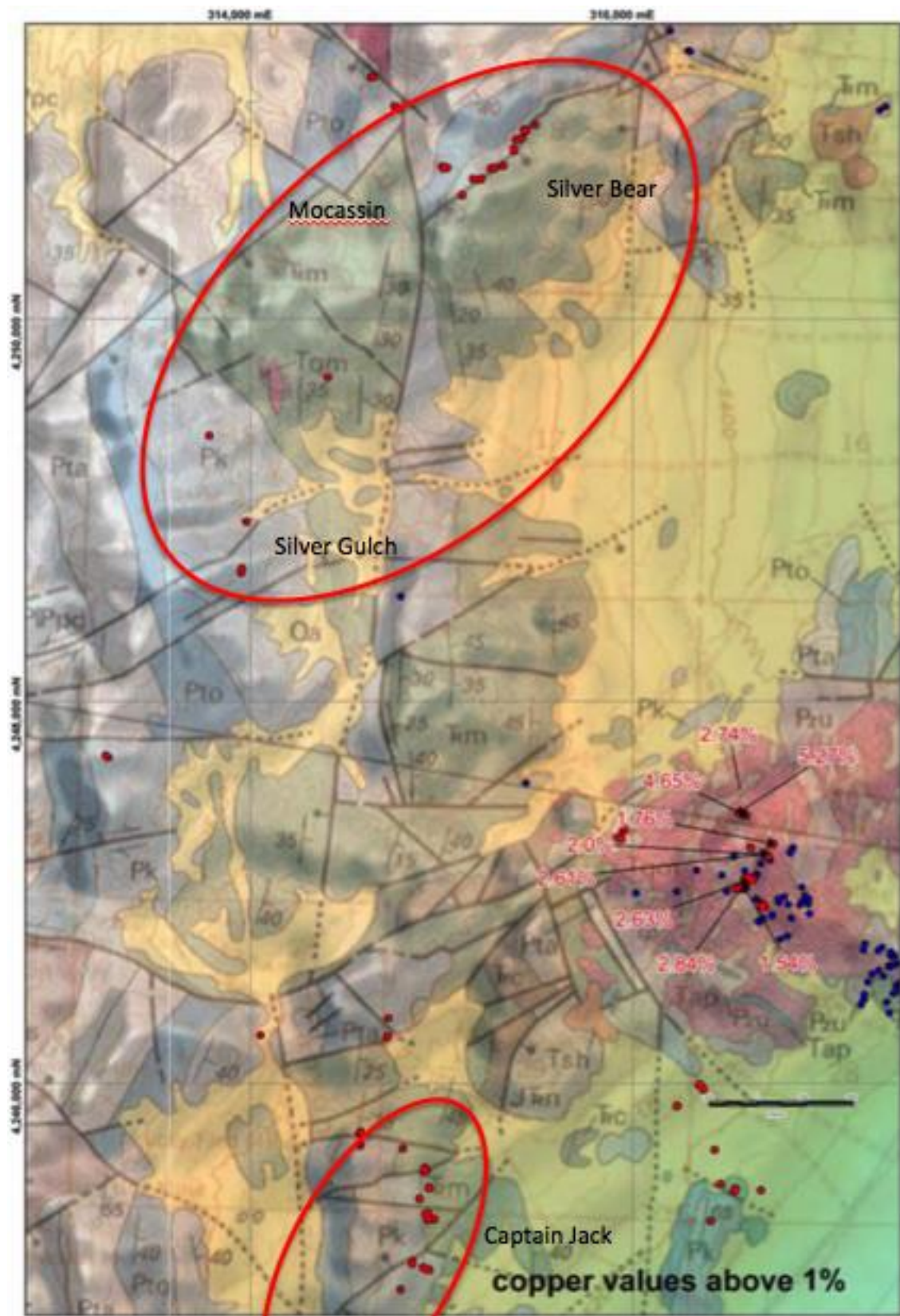
¹³ Source: Firestrike ASX Release dated 5 February 2013, "Widespread high grade silver, lead and zinc along with elevated copper and gold discovered at surface."



Silver Values from Rock Chip Sampling.¹⁵

Location of Calatos Claims relative to the historic prospects of Captain Jack, Silver Gulch, Silver Bear and Moccasin as circled in red. Please note the areas circled in red are an indicative representation of the area of land subject to Calatos' claims, and that not all of the land previously claimed by Firestrike is claimed by Calatos.

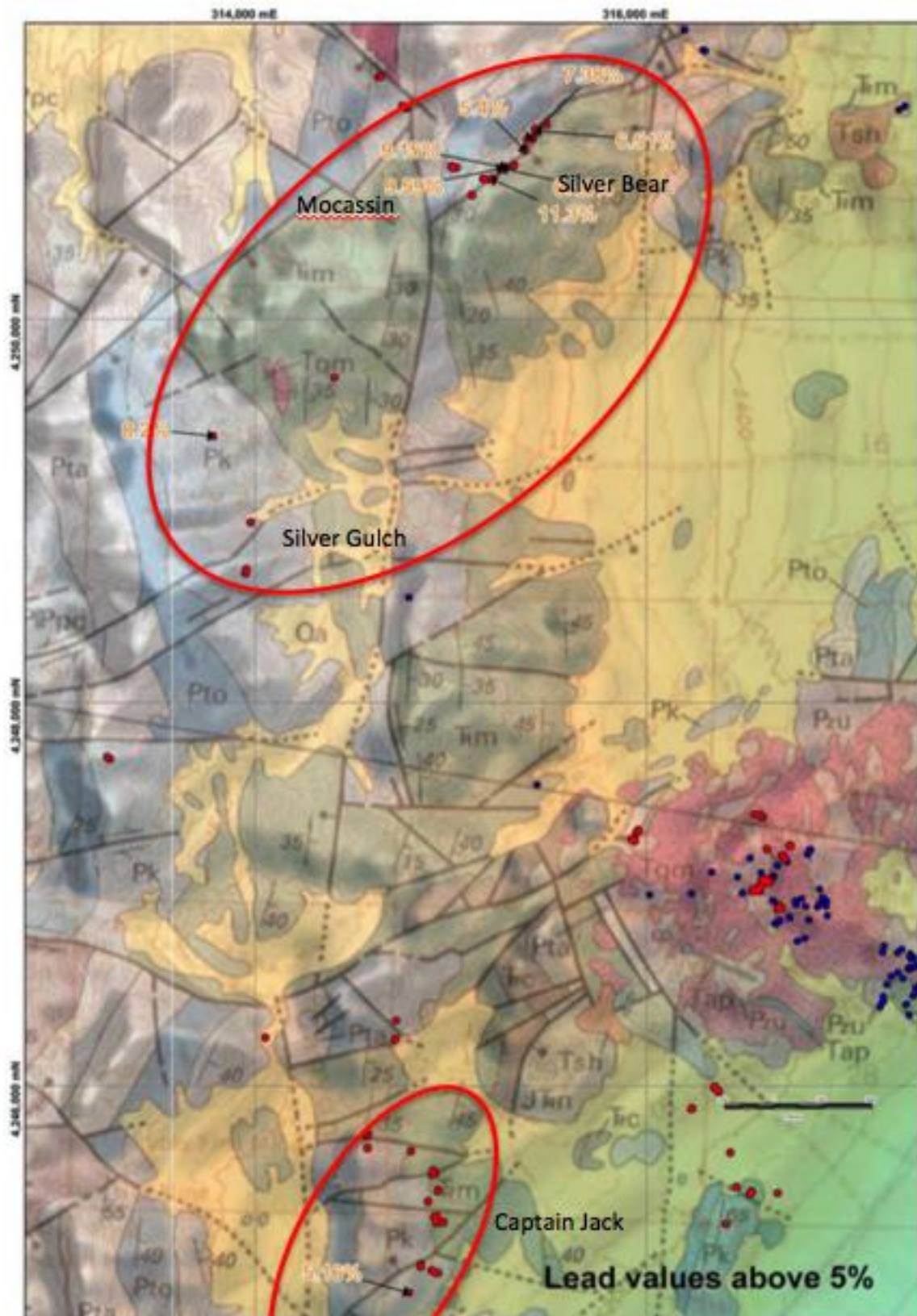
¹⁵ Source: Firestrike ASX Release dated 5 February 2013, "Widespread high grade silver, lead and zinc along with elevated copper and gold discovered at surface."



Silver Values from Rock Chip Sampling.¹⁶

Location of Calatos Claims relative to the historic prospects of Captain Jack, Silver Gulch, Silver Bear and Moccasin as circled in red. Please note the areas circled in red are an indicative representation of the area of land subject to Calatos' claims, and that not all of the land previously claimed by Firestrike is claimed by Calatos.

¹⁶ Source: Firestrike ASX Release dated 5 February 2013, "Widespread high grade silver, lead and zinc along with elevated copper and gold discovered at surface."



Lead Values from Rock Chip Sampling.¹⁷

Location of Calatos Claims relative to the historic prospects of Captain Jack, Silver Gulch, Silver Bear and Moccasin as circled in red. Please note the areas circled in red are an indicative representation of the area of land subject to Calatos' claims, and that not all of the land previously claimed by Firestrike is claimed by Calatos.

¹⁷ Source: Firestrike ASX Release dated 5 February 2013, "Widespread high grade silver, lead and zinc along with elevated copper and gold discovered at surface."

CALATOS PROSPECT SUMMARIES

Agricola has reviewed the information in available historical reports, and incorporated this information into this Report. Agricola has not reviewed or analysed the source data from the available historical reports, nor has any additional data been obtained by Agricola.

Silver Bear-Moccassin

The Silver Bear-Moccassin Prospects lie in the central north part of the Project area and west of the Harrington-Hickory historical base metal mines. A total of 77 claims for 6.43 km² comprise the area.

The controlling feature appears to be a ~060° striking, moderately SE dipping fault/shear which has propagated along lithological contacts within the sediments, predominantly limestone. Mineralisation may be described as vein/fissure fill.

The host sediments are bleached, silicified and sericite altered. Copper minerals include malachite, azurite and chalcocite with sphalerite. No galena was seen although some of the darker oxide material may have been Pb oxide minerals.

A number of relatively sizeable shafts and adits, now reclaimed by the BLM, occur along a NE trend over some 500-600m of strike. The Milford Project claims cover a substantial portion of this mineralized trend.

A number of old (now re-claimed by BLM) workings are located west of the Silver Bear Prospect, named the Moccassin prospect. The Moccassin Prospect is interpreted to represent a possible extension of the Silver Bear mineralised trend along the limestone/sediment contact, which has been displaced to the north by later faulting, although this has yet to be fully tested.

The Silver Gulch Prospect lies southwest of Silver Bear and is hosted within limestone units similar to that seen to the northwest. Mineralisation and host lithologies appear similar to Silver Bear, with malachite-azurite-sphalerite veins in altered Limestone observed.¹⁸



Abandoned workings on the San Francisco Mining District

¹⁸ Fiestrike ASX Release dated 5 February 2013, “Widespread high grade silver, lead and zinc along with elevated copper and gold discovered at surface.”

Captain Jack Prospect

The Captain Jack area lies south of the Silver Bear area. The Project area encompasses 23 claims for 1.92 km².

The mineralization at Captain Jack is hosted by north trending, ferruginous quartz veins in altered limestone/sediment contacts, with a peak result of 0.99 g/t returned from Firestrike 2012 sampling. To the north, an assay result of 248 g/t Ag was returned from mullock/dump samples in old workings. Anomalous Au, Cu, Pb, Zn and Ag results from the 2012 joint venture sampling program, are included in the maps and material results above.¹⁹



Captain Jack Prospect: ECR165 (0.99g/t Au in ferruginous quartz veins)

EXPLORATION POTENTIAL AND PROPOSED BUDGET

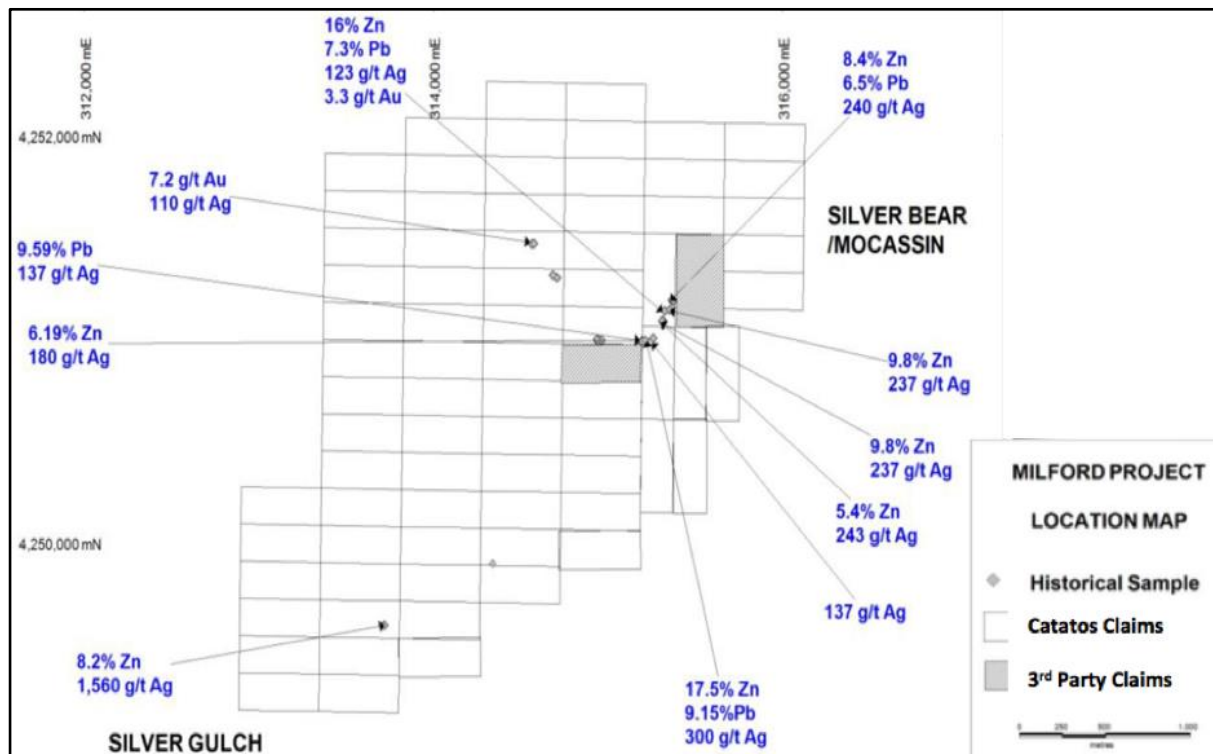
Agricola has reviewed the information in available historical reports, and incorporated this information into this Report. Agricola has not reviewed or analysed the source data from the available historical reports, nor has any additional data been obtained by Agricola.

Of primary interest are three areas covering ~8.36 km² (100 claims) prospective for replacement or manto/pipe-style base and precious metals.

- The Silver Bear / Moccassin prospect area where high grade Zn-Ag veins/replacement in carbonate rocks occur. Notable results include:
 - Assays from grab mullock/dump samples collected from numerous old workings along Silver Bear mineralised trend return peak values of 3.3 g/t Au, 17.9 % Zn, 9.5% Pb and 300 g/t Ag.
 - Several 'rock chip' channel samples at the Silver Bear Prospect returned:
 - 1 metre @ 9.2% Zn, 2.2% Pb, 0.15% Cu and 48.3 g/t Ag
 - 1 meter @ 3.5% Zn, 2.6 % Pb and 54.5 g/t Ag

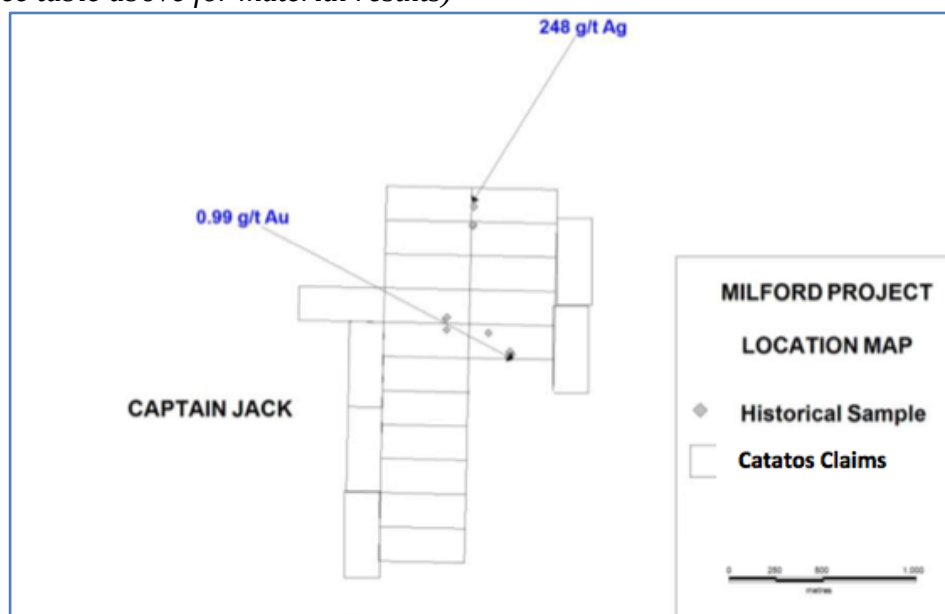
¹⁹ Firestrike Resources Limited, 2013, "Widespread high grade silver, lead and zinc along with elevated copper and gold discovered at surface." ASX Release 5 February 2013.

- 1.2 metres @ 2.86 % Zn, 1.85% Pb , 0.2 % Cu and 131 g/t Ag
- Significant assays from grab mullock/dump samples collected from old workings at Moccassin Prospect return peak values of 7.2 g/t Au and 110 g/t Ag
- Grab samples at Silver Gulch return Ag results to 1560 g/t Ag.



Source: Calatos 2017, Firestrike 2013,

- Captain Jack prospect area where anomalous Au in carbonate rocks showing similarities to Carlin style mineralisation. Epithermal style veins in outcrop located at Captain Jack with peak Au g/t in grab outcrop samples returning 0.99 g/t Au, whilst mullock samples from Captain Jack West return peak Ag to 248 g/t.
(see table above for material results)



Source: Calatos 2017, Firestrike 2013,

Year 1

The Company proposes to conduct regional geological mapping and sampling along the Silver Bear/Moccassin and Captain Jack Trends to identify structural controls and prospective geological contacts. Soil Sampling is planned at Captain Jack to locate potential mineralised veins systems under soil cover.

Ground geophysics along prospective mineralised trends is also planned. Due to the sphalerite dominant nature of the Silver bear mineralisation, Induced Polarisation or closed spaced gravity may be effective in locating silicified zones or massive sphalerite zones, rather than EM. This will be determined once mapping has been completed and the physical properties of the mineralisation better understood. Planned exploration for Year 1 includes 2,200 metres of diamond drilling on target zones identified from geological mapping and/or geophysics in the first work program. The initial budget for year 1 is estimated at A\$970,000.

Year 2

Follow up diamond drilling for 2,900 metres is planned for Year 2 on target zones identified from geological and geophysical surveys and initial diamond drilling in the first work program. The budget for year 2 is estimated at A\$1,086,000.

Exploration Budget - A\$			
	Year 1	Year 2	TOTAL
Regional Mapping	\$25,000	\$10,000	\$35,000
Rock Chip Sampling	\$45,000	\$12,000	\$57,000
Soil Sampling	\$38,000		\$38,000
Ground Geophysics	\$70,000	\$20,000	\$90,000
Drilling Budget			
Compensation / access	\$10,000	\$13,000	\$23,000
Field Staff	\$86,000	\$113,000	\$199,000
Logistic Support	\$92,000	\$122,000	\$214,000
Diamond Drilling	\$472,000	\$622,000	\$1,094,000
Overhead Costs	\$132,000	\$174,000	\$306,000
Totals	\$970,000	\$1,086,000	\$2,056,000

The exploration budget will be subject to modification on an on-going basis depending on the results obtained from exploration and development activities as they progress.

It is considered that the Company has a reasonable proposed exploration budget over two years consistent with its stated objectives and that this program is warranted and justified on the basis of the historical exploration activity and demonstrated potential for discovery of gold and base metal mineralization.

REFERENCES

Butler, B. S. (1913) Geology and ore deposits of the San Francisco and adjacent districts, Utah. USGS Professional Paper 80, 212 pp.

Calatos Pty Ltd LLC, 2017, "Information Memorandum - Milford Gold-Zinc Project Beaver County, Milford, Utah, USA", May 2017.

Department of Land Transfer Information, 2012, The "MANNING MINES" 20 Acre Lode Mining Claim in the Milford Mining District of Millard County, UT.

Firestrike Resources Limited, 2012, "Exploration Update. 23 November 2012.

Firestrike Resources Limited, 2013, "Widespread high grade silver, lead and zinc along with elevated copper and gold discovered at surface." ASX Release 5 February 2013.

GLOSSARY OF TECHNICAL TERMS

alluvial	Pertaining to silt, sand and gravel material, transported and deposited by a river.
alluvium	Clay silt, sand, gravel, or other rock materials transported by flowing water and deposited in comparatively recent geologic time as sorted or semi-sorted sediments in riverbeds, estuaries, and flood plains, on lakes, shores and in fans at the base of mountain slopes and estuaries.
alteration	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
andesite	An intermediate volcanic rock composed of andesine and one or more mafic minerals.
anomalies	An area where exploration has revealed results higher than the local background level.
anticline	A fold in the rocks in which strata dip in opposite directions away from the central axis.
auger sampling	A drill sampling method using an auger to penetrate upper horizons and obtain a sample from lower in the hole.
bedrock	Any solid rock underlying unconsolidated material.
carbonate	Rock of sedimentary or hydrothermal origin, composed primarily of calcium, magnesium or iron and CO ₃ . Essential component of limestones and marbles.
chert	Fine grained sedimentary rock composed of cryptocrystalline silica.
chlorite	A green coloured hydrated aluminium-iron-magnesium silicate mineral (mica) common in metamorphic rocks.
clastic	Pertaining to a rock made up of fragments or pebbles (clasts).
conglomerate	A rock type composed predominantly of rounded pebbles, cobbles or boulders deposited by the action of water.
diamond drill hole	Mineral exploration hole completed using a diamond set or diamond impregnated bit for retrieving a cylindrical core of rock.
ductile	Deformation of rocks or rock structures involving stretching or bending in a plastic manner without breaking.
erosional	The group of physical and chemical processes by which earth or rock material is loosened or dissolved and removed from any part of the earth's surface.
fault zone	A wide zone of structural dislocation and faulting.
feldspar	A group of rock forming minerals.
felsic	An adjective indicating that a rock contains abundant feldspar and silica.
folding	A term applied to the bending of strata or a planar feature about an axis.
foliated	Banded rocks, usually due to crystal differentiation as a result of metamorphic processes.
g/t	Grams per tonne, a standard volumetric unit for demonstrating the concentration of precious metals in a rock.
geochemical	Pertains to the concentration of an element.
geophysical	Pertains to the physical properties of a rock mass.
granite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.

granodiorite	A coarse grained igneous rock composed of quartz, feldspar and hornblende and/or biotite.
greenschist	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
gypsum	Mineral of hydrated, or water-containing, calcium sulphate.
hematite	Iron oxide mineral, Fe_2O_3 .
hydrothermal fluids	Pertaining to hot aqueous solutions, usually of magmatic origin, which may transport metals and minerals in solution.
igneous	Rocks that have solidified from a magma.
insitu	In the natural or original position.
intermediate	A rock unit which contains a mix of felsic and mafic minerals.
intrusions	A body of igneous rock which has forced itself into pre-existing rocks.
intrusive contact	The zone around the margins of an intrusive rock.
joint venture	A business agreement between two or more commercial entities.
laterite	A cemented residuum of weathering, generally leached in silica with a high alumina and/or iron content.
lithological contacts	The contacts between different rock types.
metamorphic	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids.
ppb	Parts per billion; a measure of low level concentration.
RC drilling	A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
rock chip sampling	The collection of rock specimens for mineral analysis.
schist	A crystalline metamorphic rock having a foliated or parallel structure due to the recrystallisation of the constituent minerals.
sedimentary	A term describing a rock formed from sediment.
sericite	A white or pale apple green potassium mica, very common as an alteration product in metamorphic and hydrothermally altered rocks.
shale	A fine grained, laminated sedimentary rock formed from clay, mud and silt.
silica	Dioxide of silicon, SiO_2 , usually found as the various forms of quartz.
soil sampling	The collection of soil specimens for mineral analysis.
strata	Sedimentary rock layers.
stream sediment sampling	The collection of samples of stream sediment with the intention of analysing them for trace elements.
strike	Horizontal direction or trend of a geological structure.
sulphide	A general term to cover minerals containing sulphur and commonly associated with mineralization.
veins	A thin infill of a fissure or crack, commonly bearing quartz.
zinc	A lustrous, blueish-white metallic element used in many alloys including brass and bronze.

Appendix 2: JORC Code 2012, Table 1 - Sampling Techniques and Data.

JORC Code, 2012 Edition - Table 1

Agricola has reviewed the information in available historical reports, and incorporated this information into this Report. Agricola has not reviewed or analysed the source data from the available historical reports, nor has any additional data been obtained by Agricola.

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	- Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. - Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. - Aspects of the determination of mineralisation that are Material to the Public Report. - In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	- Rock chip sampling only – no drilling reported. - Samples collected as channel samples or grab samples taken from outcrop or float/dump material. Style of mineralisation was recorded for each sample site. Most samples were of altered or mineralised sediments with some ferruginised epithermal veins in sediments and a gossanous fault zone. - Refer to preamble above Table 1.
Drilling techniques	Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	- Rock chip sampling only – no drilling reported. - Refer to preamble above Table 1.
Drill sample recovery	- Method of recording and assessing core and chip sample recoveries and results assessed. - Measures taken to maximise sample recovery and ensure representative nature of the samples. - Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	- Rock chip sampling only – no drilling reported. - Refer to preamble above Table 1.

Criteria	JORC Code explanation	Commentary
Logging	- Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. - Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. - The total length and percentage of the relevant intersections logged.	- Rock chip sampling only – no drilling reported. - Refer to preamble above Table 1.
Sub-sampling techniques and sample preparation	- If core, whether cut or sawn and whether quarter, half or all core taken. - If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. - For all sample types, the nature, quality and appropriateness of the sample preparation technique. - Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. - Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. - Whether sample sizes are appropriate to the grain size of the material being sampled.	- Rock chip sampling only – no drilling reported. - The entire rock chip sample was sent to the laboratory for preparation. - Sample preparation was completed by SGS in Elko, Nevada where the samples were dried, crushing and pulverised to 750 micron particle size before being split and sent to SGS analytical Laboratories in Vancouver, Canada. - Refer to preamble above Table 1.
Quality of assay data and laboratory tests	- The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. - For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. - Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	- Previous explorers employed reputable laboratories for assay and utilized both aqua regia and fire assay techniques for determinations. These techniques are considered appropriate for metals being investigated. - Previous explorers did not document any additional QC procedures implemented - Gold was determined using fire assay technique whilst the other elements were determined using total acid digest with analysis through ICP/MS. Lower detection limit was Au 0.1 ppb, Cu 1 ppm, Ag 0.02 ppm, Pb 2 ppm, Zn 2 ppm. - Refer to preamble above Table 1.
Verification of sampling and assaying	- The verification of significant intersections by either independent or alternative company personnel. - The use of twinned holes. - Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. - Discuss any adjustment to assay data.	- Rock chip sampling only – no drilling reported. - Rock chip sample results were not independently verified and data was stored in a digital database. No adjustments to the data were applied. - Refer to preamble above Table 1.

Criteria	JORC Code explanation	Commentary
<i>Location of data points</i>	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	• Rock chip sampling only – no drilling reported. No mineral Resource estimation was undertaken. • Refer to preamble above Table 1.
<i>Data spacing and distribution</i>	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• Rock chip sampling only – no drilling reported. • Sample locations randomly located on old workings and outcrops • Refer to preamble above Table 1.
<i>Orientation of data in relation to geological structure</i>	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• Rock chip sampling only – no drilling reported. • Refer to preamble above Table 1.
<i>Sample security</i>	• The measures taken to ensure sample security.	• Not documented in historic reporting. • Refer to preamble above Table 1.
<i>Audits or reviews</i>	• The results of any audits or reviews of sampling techniques and data.	• Not documented in historic reporting. • Refer to preamble above Table 1.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	Claims are identified as ML-001 to ML-100 and held by Calatos Pty Ltd LLC.
<i>Exploration</i>	• Acknowledgment and appraisal of exploration by other parties.	The area was held by Firestrike Resources Ltd who collected rock Chip

Criteria	JORC Code explanation	Commentary
<i>done by other parties</i>		samples from the quartz veins on the project. Rock chip sampling only – no drilling reported..
<i>Geology</i>	• <i>Deposit type, geological setting and style of mineralisation.</i>	• The Project is considered prospective for epithermal and replacement style precious and base metal mineralisation along structural corridors in reactive host rocks. • Refer to preamble above Table 1.
<i>Drill hole Information</i>	• <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> ○ <i>easting and northing of the drill hole collar</i> ○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> ○ <i>dip and azimuth of the hole</i> ○ <i>down hole length and interception depth</i> ○ <i>hole length.</i> • <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the Report, the Competent Person should clearly explain why this is the case.</i>	• Rock chip sampling only – no drilling reported. • Refer to preamble above Table 1.
<i>Data aggregation methods</i>	• <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> • <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> • <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	• Rock chip sampling only – no drilling reported. • Refer to preamble above Table 1.
<i>Relationship between mineralisation widths and intercept</i>	• <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>If it is not known and only the down hole lengths are reported, there should</i>	• Rock chip sampling only – no drilling reported.. • Refer to preamble above Table 1.

Criteria	JORC Code explanation	Commentary
<i>lengths</i>	<i>be a clear statement to this effect (eg 'down hole length, true width not known').</i>	
<i>Diagrams</i>	• <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	• Rock chip sampling only – no drilling reported. • Refer to preamble above Table 1.
<i>Balanced reporting</i>	• <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	• All the material rock chip sample results have been reported. Material results are extracted from Firestrike Resources Limited, 2013, “Widespread high grade silver, lead and zinc along with elevated copper and gold discovered at surface.” ASX Release 5 February 2013 • Refer to preamble above Table 1.
<i>Other substantive exploration data</i>	• <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	• No other exploration results have been collected. • Refer to preamble above Table 1.
<i>Further work</i>	• <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	• The Company proposes to conduct regional geological mapping and sampling along the Silver Bear/Mocassin and Captain Jack Trends to identify structural controls and prospective geological contacts. Soil Sampling is planned at Captain Jack to locate potential mineralised veins systems under soil cover. • Refer to preamble above Table 1.

6. Legal Report on the Project



Karol L. Kahalley
Phone (303) 290-1060
Fax (303) 290-1606

kkahalley@hollandhart.com

November 26, 2017

VIA E-MAIL

Patrick Glovac
Tao Commodities Ltd
22 Townshend Road
Subiaco WA 6008

Re: Legal Report on U.S. Mining Rights

Dear Mr. Glovac:

This report (**Report**) is being prepared as a review of mining rights located in Beaver County, Utah for an IPO prospectus for an ASX listing.

1. Definitions:

BLM means the United States Bureau of Land Management.

BLM land records means the BLM LR2000 and General Land Office on-line databases.

Calatos means Calatos Pty Ltd, a Nevada limited liability company.¹

Notices of Location means the notices of location recorded by Calatos in Beaver County, Utah on May 1, 2017, locating the U.S. Mining Rights, as defined below.

U.S. Mining Laws means the laws of the United States governing the location of unpatented mining claims, including the General Mining Act of 1872, 30 U.S.C. Sections 21 through 54, as amended, and the associated regulations found in the U.S. Code of Federal Regulations, 43 C.F.R. Part 3830.

¹ By Letter of Agreement dated March 23, 2017, Calatos engaged Legacy Metals, LLC, a Utah Limited liability company to locate 100 lode claims on behalf of "Calatos Pty Ltd LLC". However, Plateau Ventures LLC (a company owned and controlled by the owner of Legacy Metals LLC) was engaged by Legacy Metals LLC to locate the U.S. Mining Rights on behalf of Calatos PTY Ltd LLC. Our review of documents filed with the Nevada Secretary of State's Office on April 4, 2017 indicate that Calatos Pty Ltd is an entity organized as a limited liability company in the State of Nevada.

Holland & Hart LLP Attorneys at Law

Phone (303) 290-1600 Fax (303) 290-1606 www.hollandhart.com

6380 S. Fiddlers Green Circle Suite 500 Greenwood Village, CO 80111

Aspen Billings Boise Boulder Carson City Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C.

U.S. Mining Rights means the 100 unpatented lode mining claims identified in Table 3.2.

2. Scope of Instructions:

We have been instructed to:

- 2.1 Advise on the status of the U.S. Mining Rights.
- 2.2 Conduct searches in the BLM land records and identify the title holder of the U.S. Mining Rights.
- 2.3 Conduct searches in the BLM land records and identify any registered conflicts with Native American rights or areas closed to mining.
- 2.4 Advise on the nature of the rights held under U.S. Mining Laws.
- 2.5 Advise on the requirements to maintain the U.S. Mining Rights in good standing.

3. Executive Summary

- 3.1 The U.S. Mining Rights were located on April 24, 2017, timely recorded in Beaver County, Utah on May 1, 2017 and timely registered with the BLM, Utah State Office on July 12, 2017.
- 3.2 The following information is available for the U.S. Mining Rights:

Claim Name	Claimant of Record	Location Date	Date Recorded in Beaver County, Utah Records	Date Registered with the BLM Utah State Office
ML-001	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-002	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-003	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-004	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-005	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-006	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-007	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-008	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-009	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-010	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-011	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-012	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-013	Calatos	April 24, 2017	May 1, 2017	July 12, 2017

Holland & Hart LLP Attorneys at Law

Phone (303) 290-1600 Fax (303) 290-1606 www.hollandhart.com

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Claim Name	Claimant of Record	Location Date	Date Recorded in Beaver County, Utah Records	Date Registered with the BLM Utah State Office
ML-014	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-015	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-016	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-017	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-018	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-019	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-020	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-021	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-022	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-023	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-024	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-025	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-026	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-027	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-028	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-029	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-030	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-031	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-032	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-033	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-034	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-035	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-036	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-037	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-038	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-039	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-040	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-041	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-042	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-043	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-044	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-045	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-046	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-047	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-048	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-049	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-050	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-051	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-052	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-053	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-054	Calatos	April 24, 2017	May 1, 2017	July 12, 2017

Holland & Hart LLP Attorneys at Law

Phone (303) 290-1600 Fax (303) 290-1606 www.hollandhart.com

6380 S. Fiddlers Green Circle Suite 500 Greenwood Village, CO 80111

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Claim Name	Claimant of Record	Location Date	Date Recorded in Beaver County, Utah Records	Date Registered with the BLM Utah State Office
ML-055	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-056	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-057	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-058	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-059	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-060	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-061	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-062	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-063	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-064	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-065	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-066	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-067	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-068	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-069	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-070	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-071	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-072	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-073	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-074	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-075	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-076	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-077	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-078	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-079	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-080	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-081	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-082	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-083	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-084	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-085	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-086	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-087	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-088	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-089	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-090	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-091	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-092	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-093	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-094	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-095	Calatos	April 24, 2017	May 1, 2017	July 12, 2017

Holland & Hart LLP Attorneys at Law

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Claim Name	Claimant of Record	Location Date	Date Recorded in Beaver County, Utah Records	Date Registered with the BLM Utah State Office
ML-096	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-097	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-098	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-099	Calatos	April 24, 2017	May 1, 2017	July 12, 2017
ML-100	Calatos	April 24, 2017	May 1, 2017	July 12, 2017

- 3.3 The U.S. Mining Rights do not appear to be located within the boundaries of any federally-recognized Native American reservations. The lands underlying the U.S. Mining Rights appear to be generally open to mineral location and mining operations. Given the broad descriptions in the Notices of Location, the following claims may be located in the vicinity of areas where the U.S. has issued mineral patents to third parties: ML-001; ML 050, ML-056, ML-058 through ML-065, ML-067, ML-071, ML-073 through ML-077, ML-082, ML-084, ML-086, ML-088, ML-090, ML-092, ML-099 and ML-100. However, BLM records indicate the land status for the U.S. Mining Rights has been check by the BLM registered surveyor. The BLM land status check determines whether the land on which the U.S. Mining Rights were located was closed to mineral entry at the time of location. Based on the land status notation in the BLM land records, it appears that the U.S. Mining Rights are located on ground that was open for location at the time the locations were made. Additionally, Plateau Ventures LLC has represented that the claims were property located and validated on lands open for mineral entry under the Mining Laws and do not conflict with, and are not subject to, the claims of third party mining claimants.
- 3.4 Under U.S. Mining Laws, as the owner of unpatented mining claims, Calatos receives the exclusive right to possess all surface areas within the claims for mining purposes, subject to the paramount title of the United States. Such possessory rights include rights to explore, develop and dispose of the minerals subject to the claims. Unpatented mining claims constitute rights in real property and such rights may be sold, transferred and mortgaged.
- 3.5 In order to maintain the U.S. Mining Rights in good standing, Calatos must record the Notices of Location with the BLM, along with claim maps, pay all location and claim maintenance fees, and make annual claim maintenance fees and timely file and record evidence of such payments and related affidavits and notices with appropriate county and federal offices.

4. Background on U.S. Mining Rights held under Unpatented Mining Claims

Holland & Hart^{LLP} Attorneys at Law

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- 4.1 A citizen of the United States (or one who has declared their intent to become a citizen) who complies with the federal and state statutory requirements for locating an unpatented mining claim -- physically staking the claim on open public land, making a discovery of valuable minerals, and filing the required documents -- automatically acquires the full rights and interest in the claims, without any action by the government. 30 U.S.C. § 22.
- 4.2 For purposes of a United States mining claim location, a “citizen” includes a corporation organized under the laws of the United States or any State or Territory thereof and an association of persons unincorporated. 30 U.S.C. § 24. For a corporation, citizenship is demonstrated by proof of the jurisdiction of formation. For unincorporated associations such as partnerships and limited liability companies, proof of citizenship is demonstrated by the association’s members.
- 4.3 The locator of unpatented mining claims must make a discovery of valuable minerals on each separate mining claim. Upon making a discovery of valuable minerals, the locator receives the exclusive right of possession and enjoyment of the minerals within each mining claim and the exclusive right to possess all surface areas within the claim necessary for mining purposes. *See* 30 U.S.C. § 26.
- 4.4 The locator’s possessory rights are subject to the United States’ rights as the legal title holder to the lands on which an unpatented claim is located.
- 4.5 The United States retains the right to manage the surface of the mining claim for other purposes and to dispose of mineral rights not covered by the mining claim location (e.g., the right to issue oil and gas leases).
- 4.6 The rights held under an unpatented mining claim are subject to certain statutory requirements and limitations, including the payment of annual claim maintenance fees and making annual filings of affidavits and notices of intent to hold the claims. Failure to perform these ongoing requirements will result in loss of the right to maintain the claims.
- 4.7 A mining claim locator’s possessory rights are considered vested property rights in real property with full attributes and benefits of ownership exercisable against third parties, and these rights may be sold, transferred and mortgaged.
- 4.8 The locator of an unpatented mining claim may be eligible for a conveyance from the United States of the full fee simple interest in both the surface and mineral estates in the lands subject to the claim (known as a “patent” of the land). However, there has been a moratorium on the issuance of such patents in the United States since 1991.
- 4.9 A locator’s possessory rights to mine all of the minerals to exhaustion are complete in unpatented claims, and the locator is never required to apply for or obtain a patent in order to fully mine the minerals found on the claims.

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- 4.10 In general, mining is excluded or may require additional stipulations in the following areas: national parks, wilderness areas, wilderness study areas, national monuments, areas of critical environmental concern, national conservation areas, or other designated areas that would prohibit or limit mining.
- 4.11 While no governmental authorization is required for the mining claim owner to hold (without exploring or developing) its interest in the claims, various local, state and federal permits and other authorizations are generally required to begin exploration and development activities on the claims. For example, depending on the type of mining operation, the following permits and authorizations may be required: mining permit, plan of exploration or operations, air quality permit, water quality permit, hazardous materials permit, underground injection control permit, explosives license, mine safety permit, and a reclamation plan and accompanying reclamation bond.

5. U.S. Mining Rights in Detail

- 5.1 The U.S. Mining Rights consist of 100 individual unpatented lode mining claims that were located on April 24, 2017 in Township 28 South, Range 11 West: Sections 5 through 8, Sections 17 through 18, and Sections 29 through 31; and in Township 28 South, Range 12 West: Sections 13 and 18.
- 5.2 The U.S. Mining Rights were located as lode claims, with each claim described as comprising fifteen-hundred feet by six-hundred feet on the lode, vein, or deposit or sedimentary deposit bearing locatable minerals. The Notices of Location do not state the type of minerals for which the claims are located. Lode claims must be located upon deposits of mineral which are encased in or surrounded by hard rock, such as veins, fissures, lodes and disseminated ore bodies. Locatable minerals include: alum, amber, asphaltum, bog iron, borax, cement, diamonds, feldspar, fluor spar, granite, gypsum, guano, lustral, marble, mica, paint stone, pumice, salt, slate, umber, uranium, as well as metallic minerals (gold, silver, lead, cooper, zinc, nickel) and certain uncommon varieties of other mineral materials.
- 5.3 The Notices of Location for the U.S. Mining Rights were timely recorded with the Beaver County, Utah Recorder's Office on May 1, 2017.
- 5.4 The Notices of Location for the U.S. Mining Rights were timely registered with the BLM, Utah State Office, with accompanying claims maps, and federal processing, location and maintenance fees on July 12, 2017.
- 5.5 There is no minimum work requirement to maintain the U.S. Mining Rights, but Calatos must make annual claim maintenance fee payments in the amount of \$155.00 per claim on or before September 1st of each year and file and record evidence of such payments,

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affidavits and notices of intent to hold the claims with the BLM, Utah State Office and the Beaver County Recorder's Office to maintain the U.S. Mining Rights in good standing.

- 5.6 Effective November 6, 2017, the BLM records indicate that the land status for the U.S. Mining Rights was checked by the BLM registered surveyor. Based on the surveyor's land status notation in the BLM land records, it appears that the U.S. Mining Rights are located on ground that was open for location at the time the locations were made.
- 5.7 Additionally, Plateau Ventures LLC has made the following representations with regard to the U.S. Mining Rights:
- a) the unpatented mining claims were properly and legally acquired, laid out and monumented in accordance with industry standards for exploration;
 - b) all required location and validation work was properly performed;
 - c) location notices and certificates were properly recorded and filed with appropriate governmental authorities;
 - d) all fees have been paid in a manner consistent with applicable law;
 - e) the monument of location for each of the unpatented mining claims was erected on public lands of the United States which were open for mineral entry under the Mining Law of 1872, as amended, on the dates of location of the unpatented mining claims,
 - f) the lands within the exterior boundaries of each unpatented mining claim are public lands of the United States which were open for mineral entry under the Mining Law of 1872, as amended;
 - g) the mining claims do not conflict with or overlap any unpatented mining claims owned by third parties, patented mining claims or other patented lands, including lands owned by the State of Utah, except for small overlaps which may have been intentionally created to avoid gaps, in accordance with industry standards for exploration; and
 - h) there is no adverse claim or challenge by any person against or to the ownership of or entitlement to the mining claims and no basis therefor.

6. Native American Rights

- 6.1 Based on our review of the BLM land records, the U.S. Mining Rights do not appear to be located within the boundaries of any federally-recognized Native American Indian

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reservation. As a result, we do not believe that any Native American laws or rights would affect the location of the U.S. Mining Rights.

- 6.2 Cultural resource surveys or other assessments may be necessary to determine whether or not any tribal cultural resources, Native American graves, or religious and sacred sites or objects exist within the lands subject to the U.S. Mining Rights. The obligation to conduct such surveys may be triggered by the application for particular federal or state mining operation permits.

7. Lands Covered by the U.S. Mining Rights Open to Mining

- 7.1 The surface of the U.S. Mining Rights is managed by the BLM.
- 7.2 The BLM land records indicate that the lands subject to the U.S. Mining Rights are open to mineral location. Where the place of discovery and location monument of the U.S. Mining Rights are located on lands open to the location of federal minerals, the claims will be valid. To the extent there are areas of small overlaps with senior claims, only those areas of overlap will be invalid and not accessible for mining operations.
- 7.3 The U.S. Mining Rights do not appear to be located in a wilderness area, area of critical environmental concern, national conservation area, national monument, national park, or other designated area that would prohibit mining.
- 7.4 Beaver County does not appear to have any laws or regulations that would prohibit or unduly restrict mining in Beaver County. County planning documents indicate that the U.S. Mining Rights are located in an historic mining area and Beaver County land use plans and policies actively encourage the development and production of mineral resources.

8. Assumptions and Qualifications

- 8.1 We did not conduct an examination of the process of location for the U.S. Mining Rights and make no conclusions as to whether these were properly physically located and monumented or whether the locator made a discovery of valuable minerals on each of the claims.
- 8.2 This Report is based solely upon our examination of the available General Land Office on-line databases as of May 31, 2017, BLM LR2000 records as of November 23, 2017, and the Draft Beaver County Resource Management Plan 2017, and is, therefore, necessarily subject to any materials not disclosed thereby, which might include particularly the following:

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- a) Right-of-ways and other encumbrances not of record for the U.S. Mining Rights, but that could be shown by a records search or survey of the land underlying the U.S. Mining Rights.
- b) Rights that would be shown by a physical inspection of the land underlying the U.S. Mining Rights, and rights of all parties in actual possession of such land or any part thereof, including in particular easements and rights-of-way not disclosed by the BLM land records.
- c) Mechanics' and materialmen's liens later perfected under the laws of Utah.
- d) Voluntary or involuntary petitions in bankruptcy against the present owners or their predecessors in title.
- e) Any zoning, environmental or land use regulations or restrictions imposed by governmental authority.
- f) All water and ditch rights and rights-of-way therefor.
- g) Matters concerning whether there is a right of access from a public road to the captioned land.

9. Consent

- 9.1 For the purpose of section 716 of the Corporations Act 2001, Holland & Hart LLP, consents to being named as legal advisors for the offer in the Prospectus (including for the purposes of this consent the electronic form of the Prospectus) and for the inclusion of the Report in the Prospectus, in the form and context in which it is named.
- 9.2 This Report may not be used, relied upon or referred to for any other purpose or by any other person for any purpose whatsoever, in each case, without our prior written consent; provided, however, nothing herein is intended to prevent Tao Commodities Ltd, without our consent, from disclosing the contents of this report to any person or entity or from furnishing copies of this report pursuant to subpoena or as required by law or by any order of any court or governmental agency.
- 9.3 The views expressed herein are limited in all respects to the laws of the United States and are rendered as of the date specified herein.
- 9.4 This report does not constitute a title opinion and cannot be relied upon as such.

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- 9.5 Holland & Hart LLP has not authorized or caused the issue of the Prospectus and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for another part of the Prospectus.
- 9.6 Holland & Hart LLP has not withdrawn this consent prior to lodgement of the Prospectus with the Australian Securities & Investments Commission.

Best Regards,


Karol L. Kahalley
for Holland & Hart LLP

KLK

7. Investigating Accountant's Report



1 November 2017

The Directors
Tao Commodities Limited
22 Townshend Road
SUBIACO WA 6008

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

BDO Corporate Finance (WA) Pty Ltd ('**BDO**') has been engaged by Tao Commodities Limited ('**Tao Commodities**' or '**the Company**') to prepare this Investigating Accountant's Report ('**Report**') in relation to certain financial information of Tao Commodities, for the Initial Public Offering of shares in Tao Commodities, for inclusion in the Prospectus. Broadly, the Prospectus will offer up to 23.75 million Shares at an issue price of \$0.20 each to raise up to \$4.75 million before costs ('**the Offer**'). The Offer is subject to a minimum subscription level of \$4.75 million.

Calatos Pty Ltd LLC ('**Calatos**') was incorporated in the USA on 5 April 2017. Calatos owns the Milford Zinc-Gold Project in Utah, USA. Tao Commodities was incorporated in Australia on 5 May 2017 for the purpose of acquiring Calatos and listing on the Australian Securities Exchange ('**ASX**'). Tao Commodities will acquire 100% of the issued capital of Calatos pursuant to the terms and conditions of a share purchase agreement dated 23 May 2017 (and amended on 10 August 2017 and 30 October 2017). The material terms of the share purchase agreement are set out in section 10.1 of the Prospectus.

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd ('**BDO**') holds an Australian Financial Services Licence (AFS Licence Number 316158).

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

2. Scope

You have requested BDO to perform a review engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Historical Financial Information

You have requested BDO to review the following historical financial information (together the **'Historical Financial Information'**) of Tao Commodities included in the Prospectus:

- the audited historical Statements of Financial Position, Performance and Cash Flows for the period ended 30 June 2017.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies. The Historical Financial Information has been extracted from the financial report of Tao Commodities for the period from incorporation to 30 June 2017, which was audited by BDO Audit (WA) Pty Ltd (**'BDO Audit'**) in accordance with the Australian Auditing Standards. BDO Audit issued an unmodified audit opinion on the financial report, however did include a material uncertainty relating to going concern noting that the ability of Tao Commodities to continue as a going concern is dependent upon the success of the fundraising under the Prospectus and/or the continued support of shareholders.

Pro Forma Historical Financial Information

You have requested BDO to review the following pro forma historical financial information (the **'Pro Forma Historical Financial Information'**) of Tao Commodities included in the Prospectus:

- the pro forma consolidated historical Statement of Financial Position as at 30 June 2017 which includes:
 - the subsequent events outlined in section 6 of our Report; and
 - the pro forma adjustments for the events outlined in section 7 of our Report.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 7 of this Report, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by Tao Commodities to illustrate the impact of the events or transactions described in Section 6 and Section 7 of the Report on Tao Commodities' financial position as at 30 June 2017. As part of this process, information about Tao Commodities' financial position has been extracted by the Company from Tao Commodities' financial statements for the period ended 30 June 2017.

3. Directors' responsibility

The directors of Tao Commodities are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes

responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information are free from material misstatement, whether due to fraud or error.

4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our review procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

5. Conclusion

Historical Financial Information

Based on our review engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, and comprising:

- the audited historical consolidated Statements of Financial Position, Performance and Cash Flows for the period ended 30 June 2017,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial information

Based on our review engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in the Appendices to this Report, and comprising:

- the pro forma historical Statement of Financial Position of Tao Commodities as at 30 June 2017,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

6. Subsequent Events

The pro-forma statement of financial position reflects the following events that have occurred subsequent to 30 June 2017:

- On 19 May 2017, the Company and GTT Ventures Pty Ltd ('GTT') entered into a loan facility agreement whereby GTT agreed to provide a loan to the Company up to a limit of \$130,000 which was subsequently increased to \$180,000 ('GTT Loan Facility'). An amount of \$66,277 had been drawn down as at 30 June 2017. Since 1 July 2017 the balance of this facility has been drawn down by way of GTT meeting certain costs of the listing.

- Between 1 July 2017 and 31 October 2017 \$19,465 has been accrued in fees due to directors and staff.

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no other material transaction or event outside of the ordinary business of Tao Commodities not described above, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

7. Assumptions Adopted in Compiling the Pro forma Statement of Financial Position

The pro forma historical Statement of Financial Position is shown in Appendix 1. This has been prepared based on the financial statements as at 30 June 2017, the subsequent events set out in Section 6, and the following transactions and events relating to the issue of Shares under this Prospectus:

- The issue of 23.75 million Shares at an offer price of \$0.20 each to raise \$4.75 million before costs pursuant to the Prospectus.
- Costs of the Offer are estimated to be \$525,849. The GTT Loan Facility outlined in Section 6, totaling \$180,000, is used to pay for Costs of the Offer, which leaves \$345,849 to be paid by Tao Commodities. The costs that relate to the issue of new shares under the Offer, being \$335,000, have been offset against contributed equity while the remaining costs have been expensed.
- The Company will acquire 100% of the issued capital of Calatos with the consideration to be satisfied by the issue of 500,000 Shares in the Company and the payment of \$70,000 as reimbursement of funds previously expended on the assets.

The Company has considered whether the transaction falls within the scope of *AASB 3 Business Combinations* and therefore is required to be accounted for as a business combination. A business combination involves an acquirer obtaining control of one or more business by transferring cash, incurring liabilities or issuing shares. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors.

The Company does not consider that the transaction meets the definition of a business combination in accordance with *AASB 3 Business Combinations* as Calatos is not deemed to be a business for accounting purposes. Therefore, we have provisionally accounted for the transaction as an asset acquisition and under the guidance of Regulatory Guide 228 ('RG 228'), specifically RG 228.96 to RG 228.98, the transaction has been included in the pro forma historical Statement of Financial Position. The assets acquired have been taken up in the pro forma Statement of Financial Position at their fair value which has been deemed to be the value of the 500,000 Shares issued in consideration. The financial statements of Calatos for the period from incorporation to 31 July 2017 were reviewed by BDO Audit in accordance with the Australian Standards on Review Engagements. BDO Audit issued an unmodified review opinion on the Calatos trial balance,

- As per the terms of the GTT Loan Facility, the Company will repay the outstanding funds under the facility on the date the Company is admitted to the official list of the ASX.

- The Company will pay the 30 June 2017 Trade and Other Payables balance of \$44,810 plus the accrued director and staff fees of \$19,465 (outlined in Section 6), totaling \$64,275, from the proceeds of the Offer.
- The issue of 3.5 million Shares to GTT as the Lead Manager (or nominees) in consideration for services performed in relation to the Offer. These Shares have been valued at \$0.20 each and as these are in consideration of services performed in relation to the Offer, the value will be offset against contributed equity.
- The issue of 11 million Options to Directors and a former director of the Company (or their nominees). These Options are exercisable at \$0.30 on or before 1 August 2020. These Options have been valued using the Black Scholes option pricing model.

8. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the proposed IPO other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received. BDO Audit is the auditor of Tao Commodities and from time to time, BDO also provides Tao Commodities with certain other professional services for which normal professional fees are received.

9. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd



Sherif Andrawes

Director

APPENDIX 1

TAO COMMODITIES LIMITED

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Tao Commodities	Notes	Audited as at 30-Jun-17 \$	Subsequent events \$	Pro forma adjustments \$	Pro forma after Offer \$
CURRENT ASSETS					
Cash and cash equivalents	2	-	-	4,089,876	4,089,876
Trade and other receivables	3	3,000	113,723	(113,723)	3,000
TOTAL CURRENT ASSETS		3,000	113,723	3,976,153	4,092,876
NON CURRENT ASSETS					
Calatos Pty Ltd - prepayment	4	15,000	-	(15,000)	-
Exploration expenditure	5	-	-	185,000	185,000
TOTAL NON CURRENT ASSETS		15,000	-	170,000	185,000
TOTAL ASSETS		18,000	113,723	4,146,153	4,277,876
CURRENT LIABILITIES					
Trade and other payables	6	44,810	19,465	(64,275)	-
Borrowings	7	66,277	113,723	(180,000)	-
TOTAL CURRENT LIABILITIES		111,087	133,188	(244,275)	-
TOTAL LIABILITIES		111,087	133,188	(244,275)	-
NET ASSETS		(93,087)	(19,465)	4,390,428	4,277,876
EQUITY					
Share capital	8	3,000	-	4,515,000	4,518,000
Reserves	9	-	-	1,067,000	1,067,000
Accumulated losses	10	(96,087)	(19,465)	(1,191,572)	(1,307,124)
TOTAL EQUITY		(93,087)	(19,465)	4,390,428	4,277,876

The pro forma consolidated statement of financial position after the Offer is as per the consolidated statement of financial position before the Offer adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to this Prospectus. The pro forma consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 4.

APPENDIX 2
TAO COMMODITIES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Audited for the period from 5-May-17 (incorporation) to 30-Jun-17 \$
Revenue		-
Expenses		
Legal fees		33,737
Directors' fees		32,850
Consultant fees		11,000
General expenses		18,500
Travel expense		-
Loss from continuing operations before income tax expense		96,087
Income tax expense		-
Loss from continuing operations after income tax expense		96,087

This statement of profit or loss and other comprehensive income shows the historical financial performance of the Company and is to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 4. Past performance is not a guide to future performance.

APPENDIX 3
TAO COMMODITIES LIMITED
STATEMENT OF CASH FLOWS

		Audited for the period from 5-May-17 (incorporation) to 30-Jun-17 \$
Cash flows from operating activities		
Receipts from customers		-
Payments to suppliers and employees		-
Net cash flows from operating activities		-
Cash flows from investing activities		
Payments for plant and equipment		-
Payment for website development		-
Net cash flows from investing activities		-
Cash flows from financing activities		
Proceeds from issue of shares		-
Proceeds from loans		-
Net cash flows from financing activities		-
Net (decrease)/increase in cash and cash equivalents		-
Cash and cash equivalents at the end of the period		-

This statement of cash flows shows the historical cash flows of the Company and is to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 4.

APPENDIX 4
TAO COMMODITIES LIMITED
NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of Historical Financial Information

The Historical Financial Information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of the Australian equivalents to International Financial Reporting Standards ('AIFRS'), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

Going Concern

The Historical Financial Information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Company to continue as a going concern is dependent on the success of the fundraising under the Prospectus. The Directors believe that the Company will continue as a going concern. As a result, the Historical Financial Information has been prepared on a going concern basis. However, should the fundraising under the Prospectus be unsuccessful, the entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

Reporting Basis and Conventions

The Report is also prepared on an accrual basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the Historical Financial Information. The accounting policies have been consistently applied, unless otherwise stated.

1. Basis of consolidation

The Historical Financial Information comprise the financial statements of Tao Commodities and its subsidiary at 30 June 2017 (the 'Group'). Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless cost cannot be recovered.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of profit or loss and comprehensive income, statement of changes in equity and statement of financial position respectively.

Subsidiaries are accounted for in the parent entity's financial statement at cost.

2. Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

4. Accounting estimates and judgements

In the process of applying the accounting policies, management has made certain judgements or estimations which have an effect on the amounts recognised in the Historical Financial Information.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Valuation of share based payment transactions

The valuation of share-based payment transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted.

Options

The fair value of options issued is determined using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted.

Determination of fair values on exploration and evaluation assets acquired

On initial recognition, the assets and liabilities of the acquired business are included in the statement of financial position at their fair values. In measuring fair value of exploration projects, management considers generally accepted technical valuation methodologies and comparable transactions in determining the fair value. Due to the subjective nature of valuation with respect to exploration projects with limited exploration results, management have determined the price paid to be indicative of its fair value.

	Audited 30-Jun-17	Pro forma after Offer
NOTE 2. CASH AND CASH EQUIVALENTS	\$	\$
Cash and cash equivalents	-	4,089,876
<i>Adjustments to arise at the pro-forma balance:</i>		
Audited balance of Tao Commodities at 30 June 2017		-
<i>Pro-forma adjustments:</i>		
Proceeds from shares issued under this Prospectus		4,750,000
Costs of the Offer met directly by Tao Commodities		(345,849)
Cash payment to acquire Calatos Pty Ltd		(70,000)
Payment of Trade and Other Payables balance		(64,275)
Repayment of GTT Loan Facility		(180,000)
		4,089,876
Pro-forma Balance		4,089,876

	Audited 30-Jun-17	Pro forma after Offer
NOTE 3. TRADE AND OTHER RECEIVABLES	\$	\$
Prepayments and Other Receivables	3,000	3,000
<i>Adjustments to arise at the pro-forma balance:</i>		
Audited balance of Tao Commodities at 30 June 2017		3,000
<i>Subsequent events:</i>		
Costs of the offer met through drawdowns of the GTT Loan Facility		113,723
		113,723
<i>Pro-forma adjustments:</i>		
Prepaid costs of the offer expensed upon listing		(113,723)
		(113,723)
Pro-forma Balance		3,000

	Audited 30-Jun-17	Pro forma after Offer
NOTE 4. CALATOS - PREPAYMENT	\$	\$
Calatos - Prepayment	15,000	-
<i>Adjustments to arise at the pro-forma balance:</i>		
Audited balance of Tao Commodities at 30 June 2017		15,000
<i>Pro-forma adjustments:</i>		
Acquisition of Calatos		(15,000)
		(15,000)
Pro-forma Balance		-

	Audited 30-Jun-17 \$	Pro forma after Offer \$
NOTE 5. EXPLORATION EXPENDITURE		
Exploration expenditure	-	185,000
<i>Adjustments to arise at the pro-forma balance:</i>		
Audited balance of Tao Commodities at 30 June 2017		-
<i>Pro-forma adjustments:</i>		
Acquisition of Calatos - shares		100,000
Acquisition of Calatos - cash		70,000
Acquisition of Calatos - prepayment		15,000
		185,000
Pro-forma Balance		185,000

	Audited 30-Jun-17 \$	Pro forma after Offer \$
NOTE 6. TRADE AND OTHER PAYABLES		
Trade and other payables	44,810	-
<i>Adjustments to arise at the pro-forma balance:</i>		
Audited balance of Tao Commodities at 30 June 2017		44,810
<i>Subsequent events:</i>		
Accrual of directors' and staff fees		19,465
		19,465
<i>Pro-forma adjustments:</i>		
Payment of Trade and Other Payables balance		(64,275)
		(64,275)
Pro-forma Balance		-

	Audited 30-Jun-17 \$	Pro forma after Offer \$
NOTE 7. BORROWINGS		
Borrowings	66,277	-
<i>Adjustments to arise at the pro-forma balance:</i>		
Audited balance of Tao Commodities at 30 June 2017		66,277
<i>Subsequent events:</i>		
Listing expenses met through drawdowns of the GTT Loan Facility		113,723
		113,723
<i>Pro-forma adjustments:</i>		
Repayment of GTT Loan Facility		(180,000)
		(180,000)
Pro-forma Balance		-

	Audited 30-Jun-17 \$	Pro forma after Offer \$
NOTE 8. CONTRIBUTED EQUITY		
Contributed equity	3,000	4,518,000
	Number of shares	\$
<i>Adjustments to arise at the pro-forma balance:</i>		
Fully paid ordinary share capital	3,000,000	3,000
<i>Pro-forma adjustments:</i>		
Proceeds from shares issued under this Prospectus	23,750,000	4,750,000
Costs of the Offer to be capitalised	-	(335,000)
Issue of Shares to acquire Calatos Pty Ltd	500,000	100,000
Issue of Shares to lead broker	3,500,000	700,000
Issue of Shares to lead broker deemed costs of the Offer	-	(700,000)
	27,750,000	4,515,000
Pro-forma Balance	30,750,000	4,518,000

	Audited 30-Jun-17 \$	Pro forma after Offer \$
NOTE 9. RESERVES		
Reserves	-	1,067,000
<i>Adjustments to arise at the pro-forma balance:</i>		
Audited balance of Tao Commodities at 30 June 2017		-
<i>Pro-forma adjustments:</i>		
Issue of Options to Directors and former director		1,067,000
		1,067,000
Pro-forma Balance		1,067,000

	Audited 30-Jun-17 \$	Pro forma after Offer \$
NOTE 10. ACCUMULATED LOSSES		
Accumulated losses	(96,087)	(1,307,124)
<i>Adjustments to arise at the pro-forma balance:</i>		
Audited balance of Tao Commodities at 30 June 2017		(96,087)
<i>Subsequent events:</i>		
Accrual of directors' fees		(19,465)
		(19,465)
<i>Pro-forma adjustments:</i>		
Costs of the Offer to be expensed		(10,849)
Costs of the offer met through drawdowns of the GTT Loan Facility		(113,723)
Issue of Options to Directors		(1,067,000)
		(1,191,572)
Pro-forma Balance		(1,307,124)

NOTE 11: PROVISIONAL ACCOUNTING FOR THE ACQUISITION OF CALATOS

The Company has considered whether the transaction falls within the scope of *AASB 3 Business Combinations* and therefore is required to be accounted for as a business combination. A business combination involves an acquirer obtaining control of one or more business by transferring cash, incurring liabilities or issuing shares. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors. The Company does not consider that the transaction meets the definition of a business combination in accordance with *AASB 3 Business Combinations* as Calatos is not deemed to be a business for accounting purposes. Therefore, we have provisionally accounted for the transaction as an asset acquisition and under the guidance of Regulatory Guide 228 ('**RG 228**'), specifically RG 228.96 to RG 228.98, the transaction has been included in the pro forma historical Statement of Financial Position.

A summary of the acquisition details with respect to the acquisition of Calatos, as included in our Report, is set out below. These details have been determined for the purposes of the pro-forma adjustments as at 31 July 2017, however will require re-determination as at the successful acquisition date which may result in changes to the values set out below.

ASSET ACQUISITION		Fair value
		A\$
Purchase consideration comprises:		
Prepayment		15,000
Issue of 500,000 Shares		100,000
Cash payment		70,000
Total consideration		185,000
Net assets of Calatos to be acquired:		
Total assets		48,918
Total liabilities		(48,918)
Total net assets acquired		-
Fair value attributable to exploration assets		185,000

NOTE 12: RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

NOTE 13: COMMITMENTS AND CONTINGENCIES

At the date of the report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

8. Risk Factors

8.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus, and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

8.2 Company specific

(a) Limited history

The Company was only recently incorporated (5 May 2017) and has no operating history and limited historical financial performance. Further, Calatos was only incorporated on 5 April 2017. No assurance can be given that the Company will establish a resource or reserve in accordance with the JORC Code. Until the Company is able to realise value from the Project, it is likely to incur ongoing operating losses.

(b) Reliance on key personnel

The Company's operational success will depend substantially on the continuing efforts of senior executives. The loss of services of one or more senior executives may have an adverse effect on the Company's operations. Furthermore, if the Company is unable to attract, train and retain key individuals and other highly skilled employees and consultants, its business may be adversely affected.

(c) Additional requirements for capital

The funds raised under the Offer are considered sufficient to meet the immediate objectives of the Company. The funds raised through this Prospectus that are spent on mineral exploration may not, however be sufficient to identify JORC Code compliant resources, which will mean that Tao Commodities is likely to need to raise more funds. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities.

If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back exploration expenditure as the case may be.

(d) Potential acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

(e) Reports regarding the Company and the Project

The Company is relying heavily on the information contained in the Legal Report and Independent Geologist Report. If there are any errors or omissions within those Reports which the Company is not aware of, this may have an adverse effect on the Company, its operations and/or assets.

The market for the Company's Shares trading on ASX may be influenced by any research or reports compiled by securities or industry analysts. If any of the analysts who may cover the Company and its products change previously disclosed recommendations on the Company or for that matter its competitors, the price of its Securities may be adversely affected.

(f) The Company does not expect to declare any dividends in the foreseeable future

The Company does not anticipate declaring or paying any dividends to Shareholders in the foreseeable future. Consequently, investors may need to rely on sales of their Securities to realise any future gains on their investment.

(g) If the Company's goodwill or intangible assets become impaired, it may be required to record a significant charge to earnings

Under Generally Accepted Accounting Principles, the Company reviews its intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is required to be tested for impairment at least annually.

(h) Liquidity

Certain Securities are likely to be classified as restricted Securities. At the end of the relevant escrow periods a significant number of Shares will become tradeable on ASX. This may result in an increase in the number of Shares being offered for sale on market which may in turn put downward pressure on the Company's Share price.

(i) Title risk

The Company could lose title to or its interest in the Mining Rights if annual claim maintenance fee payments are not paid.

The Company has taken reasonable steps to verify the title to the Mining Rights in which it has, or has a right to acquire, an interest. Although these steps are in line with market practice for exploration projects such as the Project, they do not guarantee title to the Mining Rights nor guarantee that the Mining Rights are free of any third party rights or claims.

(j) Unpatented Mining Rights

The Project is comprised of unpatented lode mining claims (referred to as Mining Rights), which provide for access to and extraction of mineral rights owned by the USA and administered by the BLM. Rights under unpatented mining claims of the type the Project comprises are restricted to the extraction and development of a mineral deposit, and no land ownership is conveyed. The rights granted by such mining claims are valid against a challenge by the USA or another claimant only after the discovery of a valuable mineral deposit within the claim. While the Company will use its reasonable efforts to secure discoveries on each Mining Right, there can be no guarantee that the Company will discover a valuable mineral deposit that can defeat a challenge to the unpatented mining claims by the USA or another claimant.

(k) Contractual risk

The Company is a party to various contracts, including but not limited to those summarised in Section 10. Whilst the Company will have various contractual rights in the event of non-compliance by a contracting party, no assurance can be given that all contracts to which the Company is a party will be fully performed by all contracting parties. Additionally, no assurance can be given that if a contracting party does not comply with any contractual provision, the Company will be successful in enforcing compliance. There are also counterparty bankruptcy, creditor, termination and operational risks.

(l) Inherent mining risks

The Company's business operations are subject to risks and hazards inherent in the mining industry. The exploration for and the development of mineral deposits involves significant risks, including: environmental hazards, industrial accidents, metallurgical and other processing problems, unusual or unexpected rock formations, structure cave-in or slides, flooding, fires and interruption due to inclement or hazardous weather conditions. These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, environmental damage, delays in mining, increased production costs, monetary losses and possible legal liability.

(m) Offer risk

If ASX does not admit the Shares to Official Quotation before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by ASIC, the Company will not allot or issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

8.3 General Risks

The future prospects of the Company's business may be affected by circumstances and external factors beyond the Company's control. Financial performance of the Company may be affected by a number of business risks that apply to companies generally and may include economic, financial, market or regulatory conditions.

(a) General economic climate

Factors such as inflation, currency fluctuation, interest rates and supply and demand have an impact on operating costs, commodity prices and stock market prices. The Company's future revenues and securities price may be affected by these factors, as well as by fluctuations in the price of commodities, which are beyond the Company's control.

(b) Changes in legislation and government regulation

Government legislation in Australia or any other relevant jurisdiction, including changes to the taxation system, may affect future earnings and relative attractiveness of investing in the Company. Changes in government policy or statutory changes may affect the Company and the attractiveness of an investment in it.

(c) Competition for projects

The Company competes with other companies, including mineral exploration and production companies. Some of these companies have greater financial and other resources than the Company. As a result, such companies may be in a better position to compete for future business opportunities and there can be no assurance that the Company can effectively compete with these companies. In the event that the Company is not able to secure a new project or business opportunity this may have an adverse effect on the operations of the Company, its possible future profitability and the trading price of its securities, including the Securities offered under this Prospectus.

(d) Commodity price volatility and exchange rate risk

If the Company achieves success leading to mineral production, the revenue it will derive through the sale exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors. Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(e) Reliance on key personnel

The Company's success depends largely on the core competencies of its directors and management, and their familiarisation with, and ability to operate, in the mining industry and the Company's ability to find and retain key executives.

(f) Sharemarket conditions

The market price of the Company's securities may be subject to varied and unpredictable influences on the market for equities in general and resources stocks in particular.

(g) Speculative nature of investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus. Therefore, the Securities offered pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the securities.

9. Management and Corporate Governance

9.1 Directors and key personnel

(a) Mark Connelly (Non- Executive Chairman)

Mr Connelly has more than 29 years of experience in the mining industry, and has held senior executive positions with Newmont Mining Corporation and Inmet Mining Corporation. He is the former managing director and chief executive officer of Papillon Resources Limited, a Mali-based gold developer which merged with B2Gold Corp in a US\$570 million deal. He was chief operating officer of Endeavour Mining Corporation following its merger with Adamus Resources, where he was managing director and CEO. Mr Connelly has extensive experience in financing, development, construction and operation of mining projects in a variety of commodities including gold, base metals and other resources in West Africa, Australia, North America and Europe. Mr Connelly is currently a non-executive chairman of ASX listed West African Resources Ltd (ASX: WAF) and Tiger Resources Limited (ASX: TGS). He is also a non-executive director of Ausdrill Limited (ASX: ASL) and Saracen Minerals Ltd (ASX: SAR).

(b) Patric Glovac (Executive Director)

Mr Glovac holds a Bachelor of Commerce majoring in Finance, Banking, Management and also holds a Diploma of Management. In 2013 Mr Glovac co-founded GTT Ventures Pty Ltd, a boutique corporate advisory firm, specialising in the resource and technology sector. GTT has funded numerous listed and private companies since its inception across multiple markets including Australia, USA and the United Kingdom. Previously he worked as an investment advisor for Bell Potter Securities Limited since 2003, focusing on high net-worth clients and corporate advisory services. Mr Glovac is currently non-executive director of ASX listed Cirrus Networks Limited (ASX: CNW), Robo 3D Limited (ASX: RBO) and Force Commodities Limited (ASX: 4CE). He was previously managing director of Applabs Technologies Ltd (ASX: ALA) and non-executive Director of GB Energy Limited (ASX: GBX).

(c) Jason Brewer (Non-Executive Director)

Mr Brewer has 18 years' experience in mining, equity investment, corporate and project financing, capital raising, investment advising and evaluation of resource companies. Mr Brewer is a qualified mining engineer with a Master's degree, with honours, from the Royal School of Mines, London. Mr Brewer has experience in a variety of commodities having worked in underground and open-cast mining operations in the UK, Australia, Canada and South Africa. In addition, Mr Brewer has worked for a number of major global investment banks including Dresdner Kleinwort Benson, NM Rothschild & Sons (Australia) Limited and Investec Bank (Australia) Limited in London, Sydney and Perth where he had responsibility for structuring and arranging corporate and project financing facilities for mining companies operating in Asia and Africa. Mr Brewer is currently a non-executive director of Cape Lambert Resources Ltd (ASX: CFE), Vector Resources Ltd (ASX: VEC) and Force Commodities Limited (ASX: 4CE).

Mr Brewer is also a director of Kupang Resources Limited and its subsidiary Chalceus Pty Ltd. Kupang Resources Limited was involved in significant litigation with Murchison Metals Limited and subsequently with the litigation funder for that action. The litigation funder appointed receivers and managers on 7 August 2014 and, while the company challenged this, ultimately a voluntary administrator was appointed on 29 July 2015. Kupang Resources Limited's insolvency was primarily due to unfavourable court decisions.

Further, Mr Brewer was a director of Scooby Holdings Pty Ltd, the trustee of Mr Brewer's family trust. An application for winding up of Scooby Holdings Pty Ltd was commenced by the Deputy Commissioner of Taxation on 4 December 2014 in respect of outstanding income tax payments. External administrators were appointed to the company on 18 February 2015.

(d) Anna MacKintosh (Company Secretary)

Mrs MacKintosh, B.Com (UWA) CPA serves as company secretary at Marquee Resources Limited. Mrs MacKintosh has been the chief operating officer of GB Energy Limited since July 2013 and has been its company secretary since February 2009. Mrs MacKintosh has been the chief financial officer for Force Commodities since July 2016. Mrs MacKintosh serves as chief financial officer of GB Energy Limited. She has over 26 years commercial experience including 11 years with BHP, 10 years with AFSL holder Kirke Securities Ltd as Compliance Manager, Finance Manager and Responsible Executive. She was the Responsible Manager of Australian Financial Services Licence holder KSL Corp Pty Ltd for 13 years and over five years with listed entity GB Energy Limited (ASX: GBX). She previously served as chief financial officer and company secretary of Applabs Technologies Limited (ASX: ALA). Mrs MacKintosh holds a Bachelor's Degree in Commerce from UWA.

9.2 Management and Consultants

The Company is aware of the need to have sufficient management to properly supervise its business and the Board will continually monitor the management roles in the Company. As the business and the Company require an increased level of involvement the Board will look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Company's business.

9.3 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance policies section of the Company's website www.taocommodities.com.au.

9.4 Board of Directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (c) maintain and increase Shareholder value;
- (d) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (e) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) setting the strategic direction of the Company and monitoring the Company's performance;

- (b) setting the strategic direction of the Company and monitoring the Company's performance against its stated objectives;
- (c) setting the risk profile of the Company and reviewing, ratifying and monitoring systems of risk management; and
- (d) ensuring the Company's conduct and activities are ethical and carried out for the benefit of all shareholders.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

9.5 Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting.

9.6 Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business.

9.7 Independent professional advice

Subject to the Chairman's approval, the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

9.8 Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

9.9 Remuneration arrangements

The remuneration of an executive Director will be 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 Director's prior to the first annual general meeting of the Company 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 \$200,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

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 Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

9.10 Diversity policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for staff from diverse backgrounds and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

9.11 Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any senior executives who have responsibility for planning, directing and controlling the Company's activities). The policy generally provides that trading cannot occur during specific prohibited periods and notification of the intention to trade outside prohibited periods is required.

9.12 External audit

The Audit and Risk Committee (currently this function is undertaken by the Board) is responsible for the appointment of the external auditors of the Company, and the Committee will from time to time will review the scope, performance and fees of those external auditors.

9.13 Audit committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the charter for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

9.14 Departures from Recommendations

Following admission to the Official List of ASX, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are set out on the following pages.

Recommendation		Current Practice
1.1	A listed entity should disclose: a. the respective roles and responsibilities of its board and management; and b. those matters expressly reserved to the board and those delegated to management.	Satisfied. The functions reserved for the Board and delegated to senior executives have been established.
1.2	A listed entity should: a. undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and b. provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director	Satisfied. Appropriate checks have been undertaken.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Satisfied. Agreements are in place.

Recommendation		Current Practice
1.4	The company secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with proper functioning of the board.	Satisfied. This practice is in place.
1.5	A listed entity should: a. have a diversity policy which includes requirements for the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; b. disclose that policy or a summary of it; and c. disclose at the end of each reporting period the measurable objectives for achieving gender diversity and the its progress towards achieving them; and either d. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation; or e. .if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent Gender Equality Indicators.	a. Satisfied. b. The Company's Diversity Policy is available on the Company's website. c. Not satisfied. The measurable objectives are yet to be set. d. Board – 100% men; senior executives – 75% men; whole organisation – 75% men. e. Not applicable.
1.6	A listed entity should: a. have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and b. disclose whether a performance evaluation was undertaken.	a. Not satisfied, however as the Company grows in size it will consider adopting a formal policy. b. Not satisfied. No evaluations have been undertaken to date.
1.7	A listed entity should: a. have and disclose a process for periodically evaluating the performance of senior executives; and b. disclose whether performance evaluations were undertaken.	a. Satisfied. Evaluations will be conducted annually by the Chairman. b. Not satisfied. No evaluations have been undertaken to date.
2.1	A listed entity should have a nomination committee which: - Consists of at least 3 members, a majority of whom are independent directors; - Is chaired by an independent director; And disclose: - the charter of the committee; - the members of the committee; and - the number of times the committee met and individual attendance at those meetings. If it does not have a nomination committee disclose that fact and the process it follows to address that role.	Not Satisfied. In view of the small size of the Company, the Board has not formally constituted a Nomination Committee. The role of the committee is undertaken by the full Board.
2.2	A listed entity should have and disclose a board skills matrix.	The Company does not currently have a formal skills matrix. The Board has undertaken a review of the mix of skills and experience on the Board in light of the Company's principal activities and direction. The Board considers the current mix of skills and experience of members of the Board is sufficient to meet the requirements of the Company.

Recommendation		Current Practice
2.3	A listed entity should disclose: - the names of the directors considered by the board to be independent; - if a director has an interest / association / relationship that meets the factors of assessing independence but the board is of the opinion that it does not compromise the independence of the director, an explanation of why the board is of that opinion; and - the length of services of each director	Satisfied.
2.4	A majority of the board should be independent directors.	Satisfied. Two of the Directors are independent directors.
2.5	The chair should be an independent director and should not be the same person as the CEO of the entity.	Satisfied. The Chair is an independent director.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Satisfied.
3.1	A listed entity should: - have a code of conduct for directors, senior executives and employees; and - disclose the code or a summary of it.	Satisfied. The Code of Conduct is available on the Company's website.
4.1	The board of a listed entity should have an audit committee which: - has at least three members all of whom are non-executive directors and a majority of independent directors; and - is chaired by an independent chair, who is not chair of the board. Disclose: - the charter of the committee; - the relevant member qualifications; and - the number of times the committee met and individual attendance at those meetings If it does not have an audit committee disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting.	Not satisfied, however the full Board undertakes the responsibilities of an Audit committee. The Board has not established an audit committee as the role of the committee will be undertaken by the full Board whilst the board consists of only 3 members. The Audit Committee Charter is available on the Company's website.
4.2	The board should receive declarations from its CEO and CFO in accordance with section 295A of the Corporations Act before approving financial statements.	Satisfied.
4.3	A listed entity should ensure its external auditor attends its AGM.	Satisfied.
5.1	A listed entity should: - have a written policy for complying with its continuous disclosure obligations under the ASX Listing Rules; and - disclose that policy or a summary of it.	Satisfied. The Continuous Disclosure Policy is available on the Company's website.
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Satisfied. Information will be available on the Company's website.

Recommendation		Current Practice
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Satisfied. The Communication Policy is available on the Company's website.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Satisfied. The Communication Policy is available on the Company's website.
6.4	A listed entity should give security holders the option to receive communications from, and send communication to, the entity and its security registry electronically.	Satisfied.
7.1	The board of a listed entity should have a committee to oversee risk, which: - has at least three members all of whom are non-executive directors and a majority of independent directors; and - is chaired by an independent chair, who is not chair of the board. Disclose: - the charter of the committee; - the members of the committee; and - the number of times the committee met and individual attendance at those meetings If it does not have a risk committee disclose that fact and the process it follows to address that role.	The Board has not established a risk committee as the role of the committee will be undertaken by the full Board whilst the board consists of only 3 members. The Company has established policies for the oversight and management of material business risks. The Audit and Risk Management Committee Charter is available on the Company's website.
7.2	The board or a committee of the board should: - review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and - disclose whether such a review has taken place.	Satisfied.
7.3	A listed entity should disclose: - if it has an internal audit function, how the function is structured and what role it performs; - if it does not have an internal audit function, disclose that fact and the process it follows to address that function.	The entity does not have an internal audit function. The Board continually assesses, evaluates and where necessary, improves the effectiveness of its risk management and internal control processes.
7.4	The entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks, and if it does, how it manages those risks.	The entity does not have material exposure in these areas.
8.1	The board of a listed entity should: - have a remuneration committee which has at least three members all of whom are non-executive directors and a majority of independent directors; and - Is chaired by an independent director; and Disclose: - the charter of the committee; - the members of the committee; and - the number of times the committee met and individual attendance at those meetings. If it does not have a remuneration committee disclose that fact and the process it follows to address that role.	Not Satisfied. The Board has not established a remuneration and nomination committee as the role of these committees are undertaken by the full board whilst the Board comprises 3 members. The Remuneration Policy is available on the Company's website.

Recommendation		Current Practice
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Satisfied. The structure of Directors' remuneration is disclosed in the Prospectus.
8.3	A listed entity which has an equity-based remuneration scheme should: - have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme; and - disclose that policy or a summary of it.	There is no policy. To be implemented if and when it becomes applicable.

10. Material Contracts

Set out below is a summary of the contracts to which the Company is a party that may be material or otherwise may be relevant to a potential investor in the Company. The whole of the provisions of the contracts are not repeated in this Prospectus and below is summary of the material terms only.

10.1 Share Purchase Agreement

The Company has entered into a Share Purchase Agreement for the Acquisition. The Share Purchase Agreement is between the Company, the Vendor (Mr Bruce McFarlane) and Calatos for the purchase all of the issued shares in Calatos. The Vendor is the sole legal and beneficial holder of all of the issued capital of Calatos. Calatos is the holder of the Mining Rights which comprise the Project.

The Share Purchase Agreement was amended by deeds of amendment dated 10 August 2017 and 30 October 2017.

The material terms of the Share Purchase Agreement (as amended) are set out below.

- (a) The Acquisition is conditional upon the following conditions being satisfied or waived by 22 December 2017 or such other date as mutually agreed between the parties:
 - (i) due diligence investigations being completed to the satisfaction of the Company;
 - (ii) shareholder and regulatory approval being obtained by the Company in relation to the acquisition of the Shares;
 - (iii) the Company obtaining conditional approval from ASX to be admitted to the Official List and the Company being capable of satisfying those conditions;
 - (iv) the Vendor entering into a restriction agreement with respect to the shares in the Company that he is to receive as consideration for the Acquisition;
 - (v) the Company raising \$4,600,000 under the Company's initial public offer; and
 - (vi) the Vendor obtaining any third party consent or waiver of pre-emptive rights in relation to the Company's purchase of the Shares.
- (b) In consideration for the Acquisition, the Company shall pay the following consideration:
 - (i) \$15,000 to Calatos upon execution of the Share Purchase Agreement (being costs incurred on the Mining Rights);
 - (ii) 500,000 shares in the Company to the Vendor (or nominee) at completion of the Share Purchase Agreement; and
 - (iii) reimburse Calatos \$70,000 at completion for money previously expended on the Mining Rights.

The Share Purchase Agreement otherwise contains provisions considered standard for an agreement of this type.

10.2 Loan Facility Agreement

The Company has entered into a Loan Facility Agreement with GTT on 19 May 2017 pursuant to which GTT will advance up to \$130,000 to the Company (**Loan**). On 1 November 2017, the Loan Facility Agreement was amended by a deed of amendment to increase the amount of the Loan to \$180,000.

The material terms of the Loan Facility Agreement are as follows:

- (a) the Company may only use the funds for the preparation and lodgement of the Prospectus, due diligence in preparation of the Prospectus, the admission of the Company to the Official List, the preparation and costs of the Loan Facility Agreement and payment to the vendor of Calatos pursuant to the Share Purchase Agreement dated 23 May 2017;
- (b) the Loan is repayable on the earlier of, the Company being admitted to the Official List, or 23 February 2018, or in the event of certain specified defaults by the Company; and
- (c) the Loan is unsecured and non – interest bearing, however, interest is payable on overdue monies.

The Loan Facility Agreement otherwise contains provisions considered standard for an agreement of this type.

10.3 Letter of Appointment – Non-Executive Chairman (Mark Connelly)

The Company has entered into a letter agreement with Mr Mark Connelly for his appointment as a non-executive chairman of the Company.

The material terms of the agreement are as follows:

- (a) the engagement of Mr Connelly commenced on 5 May 2017;
- (b) the Company will pay Mr Connelly an annual director's fee of \$60,000 plus statutory super, 3,000,000 Options (subject to completion of the Offer), and is to be reimbursed for reasonable out of pocket expenses;
- (c) Mr Connelly is to be insured under the Company's directors' and officers' liability insurance policy;
- (d) Mr Connelly is obliged to keep the Company's confidential information confidential and to disclose any interests and matters which affect his independence or give rise to a conflict of personal interests and duties as non-executive director; and
- (e) Mr Connelly's duties under the agreement include:
 - (i) a leadership role with respect to the conduct of the Company,
 - (ii) ensuring the Company's has adequate corporate governance policies and to monitor the Company's compliance with those policies;
 - (iii) attending board and committee meetings; and
 - (iv) always acting in the best interests of the Company.
 - (v) the Company and Mr Connelly agreed on 2 November 2017 that Mr Connelly will be paid fees capped at \$16,425 for the period up until the Company's Shares obtain Official Quotation.

The agreement otherwise contains provisions considered standard for an agreement of this type.

10.4 Employment Agreement – Executive Director (Patric Glovac)

The Company has entered into an agreement with Patric Glovac to engage Mr Glovac as Executive Director of the Company.

The material terms of the agreement are as follows:

- (a) the agreement commences on 5 May 2017 and continues until it is terminated by either party with 6 months' notice in writing;
- (b) the Company will pay Mr Glovac \$84,000 per annum plus statutory superannuation, 5,000,000 Options (subject to completion of the Offer), and reimbursements for reasonable out of pocket expenses;

- (c) Mr Glovac is engaged as a part time employee and as a director of the Company (subject to the Corporations Act, the Company's constitution and the ASX Listing Rules);
- (d) Mr Glovac may no longer be a director of the Company if, amongst other things, he becomes bankrupt, is removed from office, is not re-elected to office or is prohibited from being a director by reason of any order made under the Corporations Act;
- (e) Mr Glovac must keep the Company's confidential information confidential; and
- (f) Mr Glovac is to be insured under the Company's directors' and officers' liability insurance.
- (g) the Company and Mr Glovac on 1 November 2017 that Mr Glovac will be paid fees capped at \$22,995 for the period up until the Company's Shares obtain Official Quotation.

The agreement otherwise contains provisions considered standard for an agreement of this type.

10.5 Letter of Appointment – Non-Executive Director (Jason Brewer)

The Company has entered into a letter agreement with Mr Jason Brewer for his appointment as a non-executive Director of the Company.

The material terms of the agreement are as follows:

- (a) Mr Brewer's duties under the agreement include:
 - (i) a leadership role with respect to the conduct of the Company;
 - (ii) ensuring the Company's has adequate corporate governance policies and to monitor the Company's compliance with those policies;
 - (iii) attending board and committee meetings; and
 - (iv) always acting in the best interests of the Company;
- (b) the Company will pay Mr Brewer an annual director's fee of \$36,000 plus statutory super, 2,000,000 Options (subject to completion of the Offer), and is to be reimbursed for reasonable out of pocket expenses;
- (c) Mr Brewer is obliged to keep the Company's confidential information confidential and to disclose any interests and matters which affect his independence or give rise to a conflict of personal interests and duties as non-executive director; and
- (d) Mr Brewer is to be insured under the Company's directors' and officers' liability insurance policy.

the Company and Mr Brewer agreed on 2 November 2017 that Mr Brewer will be paid fees capped at \$9,855 for the period up until the Company's Shares obtain Official Quotation. The agreement otherwise contains provisions considered standard for an agreement of this type.

10.6 Company Secretarial Mandate – Anna MacKintosh

The Company has entered into a letter mandate with Mrs Anna MacKintosh in respect of her appointment as company secretary, and for the provision of financial and company secretarial services by Mrs MacKintosh.

The material terms of the mandate are as follows:

- (a) the services to be provided by Mrs MacKintosh include:
 - (i) managing and preparing management accounts for the Company and its subsidiaries;
 - (ii) accounts payable and payroll functions;

- (iii) preparing annual and half year financial accounts;
 - (iv) ensuring company compliance with constitution, and report to ASX;
 - (v) co-ordinating, organising and attending board and shareholder meetings; and
 - (vi) preparation, review and lodgement of announcements pursuant to ASX Listing Rules;
- (b) Mrs MacKintosh is to be paid \$5,000 per month plus reimbursement of reasonable expenses; and
 - (c) the mandate continues until one party gives 90 days' notice to the other of its termination.
 - (d) the Company and Mrs MacKintosh agreed on 1 November 2017 that Mrs MacKintosh will be paid fees capped at \$15,000 for the period up until the Company's Shares obtain Official Quotation.

The mandate otherwise contains provisions considered standard for an agreement of this type.

10.7 Lead Manager Mandate

Pursuant to the Lead Manager Mandate the Company has engaged GTT as:

- (a) lead manager and broker to the Offer (**Broker Services**); and
- (b) corporate advisor to the Company for a minimum period of 18 months from the date of completion of the Acquisition (**Corporate Advisory Services**).

The material terms of the Lead Manager Mandate are as follows:

- (a) GTT will provide the Broker Services in consideration for the following fees:
 - (i) a management fee of 1% (excluding GST) on the value of any Shares under the Offer that are taken up by GTT (or nominee(s)) or by parties introduced or provided by GTT;
 - (ii) a capital raising fee of 5% (excluding GST) on the value of any Shares under the Offer that are taken up by GTT (or nominee(s)) or by parties introduced or provided by GTT; and
 - (iii) lead manager fee comprised of \$50,000 (plus GST) and the issue 3,500,000 Shares to GTT (or nominee(s)) at an issue price of \$0.0001;
- (b) GTT will provide the Corporate Advisory Services for a monthly retainer of \$10,000 (plus GST) for 18 months from the date of completion of the Acquisition;
- (c) the Company must pay reasonable GTT's disbursements, including legal fees, accommodation and travelling expenses relating to its services (with any expenses over \$500 having prior approval from the Company);
- (d) the Company has indemnified GTT and its directors for any loss it suffers arising out of the provision of the Corporate Advisory Services; and
- (e) the Lead Manager Mandate will terminate after 18 months from completion of the Acquisition (unless extended by agreement between the parties). The Lead Manager Mandate can be terminated by GTT if the Company breaches the agreement, becomes insolvent or its representations or warranties are untrue.

The Lead Manager Mandate otherwise contains provisions considered standard for an agreement of this type.

10.8 Deeds of Indemnity and Access

The Company has entered into deeds of indemnity and access with Mr Connelly, Mr Glovac and Mr Brewer (**Deeds**).

The material terms of the Deeds with each Director are as follows:

- (a) the Company agrees to indemnify each Director against all liabilities incurred as an officer of the Company;
- (b) the indemnity of the Directors continues notwithstanding that the director has ceased to be a director of the Company;
- (c) to obtain the indemnities, the Directors must (amongst other things):
 - (i) give notice to the Company promptly upon becoming aware of any relevant claim against the Company; and
 - (ii) not make any admission of facts or liability in respect of a potential claim without the Company's written consent;
- (d) the Company will indemnify the Directors for legal costs and will, on request, lend to the director an amount for the legal fees;
- (e) the Company must allow the Director to inspect and copy a document in the possession of the Company for the purpose of a claim in which the Director is involved; and
- (f) the Company must use its best commercial endeavours to maintain a directors and officers policy of insurance of at least an amount that a reasonably prudent director would effect.

The Deeds otherwise contains provisions considered standard for agreements of this type.

10.9 Escrow Agreements

See Section 2.9 for details of the Shares and Options which the Company anticipates will be subject to escrow. The Company proposes to enter into escrow agreements with each of the relevant holders of the Shares and Options which will be subject to ASX-imposed escrow as a result of the ASX Listing Rules.

The escrow agreements will be on ASX standard terms as set out in Appendix 9A of the ASX Listing Rules.

11. Additional Information

11.1 Rights attaching to Shares

The following is a summary of the more significant rights attaching to Shares. 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 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.

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

(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) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of any persons entitled to shares with special rights to dividends, the Directors may from time to time declare a dividend to be paid to the Shareholders out of profits.

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.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority 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 he considers fair upon 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 authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

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

(f) **Transfer of Shares**

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 or the ASX Listing Rules, the Shares are freely transferable.

(g) **Variation of rights**

Pursuant to 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.

11.2 Options

The terms and conditions of the Options are as follows:

- (a) The exercise price of each Option is \$0.30 (**Exercise Price**).
- (b) The expiry date of each Option is 1 August 2020 (**Expiry Date**).
- (c) Each Option gives the Optionholder the right to subscribe for one Share.
- (d) Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (e) The amount payable upon exercise of each Option is the Exercise Price.
- (f) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 10,000 must be exercised on each occasion.
- (g) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number and class of options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised,(**Exercise Notice**).

- (h) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (i) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price (and subject to the Company obtaining any necessary prior approvals from Shareholders or regulatory bodies for the issue of the Shares), the Company will issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (j) All Shares issued upon the exercise of Options will upon issue rank pari passu in all respects with other Shares.
- (k) The Options are non-transferable and the Company will not apply for quotation of the Options.
- (l) The Company will apply for quotation of all Shares issued pursuant to the exercise of Options on ASX within 10 Business Days after the date of issue of those Shares.
- (m) 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.
- (n) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 4 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (o) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

11.3 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.

11.4 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

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

and no amounts have been paid or agreed to be paid (in cash or securities or otherwise) and no benefits have been given or agreed to be given to any Director:

- (a) to induce him to become, or to qualify him as, a Director; or
- (b) for services rendered by him in connection with the formation or promotion of the Company or the Offer.

The interests of the Directors in the Securities of the Company as at the date of this Prospectus are set out in Section 2.14, 2.16 and 2.17 above.

11.5 Interests and Consents 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 two years before lodgement of this Prospectus with ASIC, any interest in:

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

and no amounts have been paid or agreed to be paid (in cash or securities or otherwise) and no benefits have been given or agreed to be given to any Director:

- (a) to induce him to become, or to qualify him as, a Director; or
- (b) for services rendered by him in connection with the formation or promotion of the Company or the Offer.

Each of the parties referred to in this Section:

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

Agricola Mining Consultants Pty Ltd (**Agricola**) has acted as Independent Geologist and has prepared the Independent Geologist's Report which is included in Section 5. The Company estimates it will pay Agricola a total of \$11,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Agricola has not received any fees from the Company for any other services. Agricola has given its written consent to being named as the Independent Geologist in this Prospectus, the inclusion of the Independent Geologist's Report in Section 5 in the form and context in which the report is included, and the inclusion of statements contained in the Chairman's Letter, Section 2 and Section 4 in the form and context in which those statements are included. Agricola has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Holland & Hart has acted as the Company's in-country solicitors and has prepared the Legal Report on the Mining Rights which comprise the Project which is included in Section 6. The Company estimates it will pay Holland & Hart a total of \$10,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Holland & Hart has not received fees from the Company for any other services. Holland & Hart has given its written consent to being named as the Company's in-country solicitors in this Prospectus and to the inclusion of the Legal Report in Section 6 in the form and context in which the information and report is included. Holland & Hart has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

BDO Corporate Finance (WA) Pty Ltd (**BDO Corporate Finance**) has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Section 7. The Company estimates it will pay BDO Corporate Finance a total of \$8,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, BDO Corporate Finance has not received fees from the Company for any other services. BDO Corporate Finance has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 7 in the form and context in which the information and report is included. BDO Corporate Finance has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Nova Legal has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Nova Legal \$84,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, Nova Legal has received no fees from the Company in respect of legal services. Nova Legal has given its written consent to being named as the solicitors to the Company in this Prospectus. Nova Legal has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

GTT will be paid fees for corporate advisory and lead manager services in relation to the Acquisition of Calatos and the Offer under this Prospectus as set out in Sections 2.10 and 10.7. GTT will receive fees for these services as set out in Sections 2.10 and 10.7. During the 24 months preceding lodgement of this Prospectus with ASIC, GTT has not received fees from the Company for any other services. GTT has given, and has not withdrawn its consent to being named as Corporate Advisor to the Company in this Prospectus. GTT has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name.

Automic Pty Ltd has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and are paid for these services on standard industry terms and conditions. References to Automic Pty Ltd appear for information purposes only. Automic Pty Ltd have not been involved in, authorised or caused the issue of this Prospectus.

BDO Audit (WA) Pty Ltd (**BDO Audit**) has given its written consent to being named as the Company's Auditor in this Prospectus in the form and context in which it is included and to the inclusion of the Company's audited financial statement information contained in the Investigating Accountant's Report in Section 7 and to statements by BDO Audit in its capacity as the auditor in relation to those audited financial statements. References to BDO Audit appear for information purposes only. BDO Audit have not been involved in, authorised or caused the issue of this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Plateau Ventures LLC has given its written consent to be named in the Legal Report by Holland & Hart dated 26 September 2017 and to the reference in that Legal Report to the representations made by Plateau Ventures LLC to the Company which are set out in the Legal Report. Plateau Ventures LLC has not been involved in, authorised or caused the issue of this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

11.6 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$525,849 and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Amount
ASIC fees	\$2,400
ASX fees	\$61,849
Lead Manager Fees ¹	\$335,000
Legal Fees (USA and Australia) ²	\$104,000
Independent Geologists Fees	\$11,000
Investigating Accountant's Fees	\$8,000
Printing and Distribution	\$2,600
Miscellaneous	\$1,000
TOTAL	\$525,849

1. Refer to Sections 2.10 and 10.7 for details of the fees payable under the Lead Manager Mandate. This amount is calculated based on 100% of applications being made in conjunction with the Lead Manager. For those applications made directly to and accepted by the Company no Lead Manager fees will be payable and the expenses of the Offer will be reduced accordingly, with any additional funds being put towards working capital.
2. US legal fees comprise approximately \$10,000 (excluding GST) for services provided by Holland & Hart in respect of the Legal Report. See Section 11.5. Australian legal fees comprise approximately \$94,000 (excluding GST) for services provide by Nova Legal in respect of the Offer and this Prospectus.

11.7 Continuous disclosure obligations

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

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

11.8 Electronic Prospectus

Pursuant to ASIC Regulatory Guide 107, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.taocommodities.com.au.

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

11.9 Financial forecasts

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

11.10 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 Shares 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.

11.11 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 Shares, the Company may not be able to accept or process your application.

12. 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.



Patric Glovac
Executive Director
For and on behalf of Tao Commodities Ltd

13. Glossary

Where the following terms are used in this Prospectus they have the following meanings:

\$ means an Australian dollar.

Acquisition means the Company's proposed acquisition of Calatos (and in turn, the Project) from the Vendor pursuant to the terms of the Share Purchase Agreement.

Applicant means a person who submits an Application Form.

Application means a valid application for Shares.

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

Application Monies means funds received from Applicants.

ASIC means Australian Securities & Investments Commission.

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

ASX Listing Rules means the official listing rules of ASX.

BLM means the United States Bureau of Land Management.

Board means the board of Directors as constituted from time to time.

Calatos means Calatos Pty Ltd LLC.

Closing Date means the closing date of the Offer as set out in the indicative timetable in the Investment Overview in Section 2.4 (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

Company or **Tao Commodities** means Tao Commodities Ltd (ACN 618 935 372).

Consideration Shares means 500,000 Shares to be issued to the Vendor as part consideration for the Acquisition.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

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

Exposure Period means the period of 7 days after the date of lodgement of the Original Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

GTT means GTT Ventures Pty Ltd, the lead manager of the Offer.

Independent Geologist's Report means the report prepared by Agricola Mining Consultants Pty Ltd in Section 5.

Initial Capital Raising means the \$4,623,200 raised in Application Monies under the Offer in the Replacement Prospectus.

Investigating Accountant's Report means the report prepared by BDO Corporate Finance (WA) Pty Ltd in Section 7.

JORC means the Joint Ore Reserves Committee.

JORC Code means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Order Reserves (2012 Edition) by JORC.

JORC Code compliant means reported in accordance with the JORC Code and estimated (or based on documentation prepared) by a Competent Person as that term is defined by the JORC Code.

Lead Manager means GTT, pursuant to the terms of the Lead Manager Mandate.

Lead Manager Mandate means the corporate advisor and lead manager mandate entered into between the Company and GTT on the terms set out in Section 10.7.

Legal Report means the in-country solicitors report completed by Holland & Hart on the Project as set out in Section 6.

Loan Facility Agreement means the agreement between the Company and GTT as described in Section 10.2.

Minimum Subscription means \$4,750,000, via the Offer of 23,750,000 Shares at an issue price of \$0.20.

Mining Rights means the 100 United States unpatented lode mining claims identified in table 3.2 of the Legal Report in Section 6.

Offer means the offer of 23,750,000 Shares at \$0.20 per Share to raise \$4,750,000 (before expenses) pursuant to this Prospectus as set out in Section 3.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Original Prospectus means the original prospectus that was prepared by the Company and lodged with ASIC on 11 September 2017.

Project means the 'Milford Zinc-Gold Project' located in Southern Utah as set out in the Independent Geologist's Report in Section 5, comprised of the Mining Rights, as set out in the Legal Report in Section 6.

Prospectus means this second replacement prospectus dated 1 December 2017.

Replacement Prospectus means the replacement prospectus dated 26 September 2017 which replaced the Original Prospectus.

Quotation Condition means the requirement to have the Company's Shares admitted to Official Quotation within three months after the date of the Prospectus.

Second Replacement Prospectus means this second replacement prospectus dated 1 December 2017.

Section means a section of this Prospectus.

Security means a security in the capital of the Company.

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

Shareholder means a holder of Shares.

Share Purchase Agreement means the share purchase agreement between the Company and the Vendor for the acquisition of 100% of the issued capital in Calatos as amended by the deeds of amendment dated 10 August 2017 and 30 October 2017 as described in section 10.1.

Supplementary Application Form means the application form attached to or accompanying this Second Replacement Prospectus relating to the Offer.

US, USA or United States means the United States of America.

Vendor means the owner of all the issued capital of Calatos at the date of this Prospectus, being Bruce McFarlane.

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

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Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Trust
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample < Food Help Club A/C>	Food Help Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

INSTRUCTIONS FOR COMPLETING THE FORM

This is an Application Form for Ordinary Fully Paid Shares (Shares) in Tao Commodities Ltd (ACN 618 935 372) (Company), made under the terms set out in the Second Replacement Prospectus dated 1 December 2017.

The Second Replacement Prospectus contains important information relevant to your decision to invest and you should read the entire Second Replacement Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Second Replacement Prospectus.

1 Shares applied for - Enter the number of Shares you wish to apply. Your application must be for a minimum of 10,000 Shares (A\$2,000) and then in increments of 1,000 shares (A\$200). Enter the amount of the Application Monies. To calculate this amount, multiply the number of Shares applied for by the offer price which is A\$0.20.

2 Applicant name(s) and postal address - Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person. You should refer to the table for the correct forms of registrable title(s). Applicants using the wrong form of names may be rejected. Enter your postal address for all correspondence. Only one address can be recorded against a holding. With exception to annual reports, all communications to you from the Company will be mailed to the person(s) and address shown. Annual reports will be made available online when they are released.

3 Contact Details - Please advise your contact details between 9:00am WST and 5:00pm WST should we need to speak to you about your application. You can notify any change to your communication preferences by visiting the registry website – www.automic.com.au

4 CHESS Holders - If you are sponsored by a stockbroker or other participant and you wish to hold shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" (SRN) will be allocated to you.

5 TFN/ABN/Exemption - If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application Form.

6 Payment - Unless received from their broker, Applicants under the Offer must lodge their Application Form and Application Monies with the Share Registry by 5.00pm (WST) on the Closing Date.

BPAY® your payment via internet or phone banking. Please visit our share registry's website: <https://investor.automic.com.au/taocommodities.html> and complete the online application form. All online applicants can BPAY their payments via internet or phone banking. A unique reference number will be quoted upon completion of the application. Applicants should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight) and ensure payment is processed by their financial institution on or before the day prior to the closing date of the offer. BPAY applications will only be regarded as accepted if payment is received by the registry from your financial institution on or prior to the closing date. It is the applicant's responsibility to ensure funds are submitted correctly by the closing date and time.

You do not need to return any documents if you have made payment via BPAY.

Your BPAY reference number will process your payment to your application electronically and you will be deemed to have applied for such securities for which you have paid.

All cheques should be made payable to "Tao Commodities Ltd Application Account" and drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable".

Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid. Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured. Do not forward cash as receipts will not be issued.

Electronic Funds Transfer (EFT) is available for overseas applicants. Please email your completed Application Form and payment method request to hello@automic.com.au. The registry will then contact you with your unique payment reference number and will outline the procedure for making payment by EFT. Applicants should be aware of their financial institution's cut-off time. It is the Applicant's responsibility to ensure funds are submitted correctly by the Closing Date and time.

Applicants who received this Offer from their broker must return their Application Form and Application Monies back to their broker. Any cheque must be made payable to the broker.

LODGEMENT INSTRUCTIONS

There is no maximum value of Shares that may be applied for under the Offer. The Company may determine a person to be eligible to participate in the Offer.

The Offer opens on 1 December 2017 and is expected to close 1 January 2018. The Company may elect to extend the Offer or any part of it, may be closed at any earlier date and time, without further notice.

Applicants are therefore encouraged to submit their Applications as early as possible.

Completed Application Forms and cheques must be:

Posted to:
Tao Commodities Ltd
C/- Automic
PO Box 2226
STRAWBERRY HILLS NSW 2012

Delivered to:
Tao Commodities Ltd
C/- Automic
Level 3, 50 Holt Street
SURREY HILLS NSW 2010
Hand delivery between Sydney office hours only - 9am to 5pm (AEST)

Enquiries in respect of this Share Application Form should be addressed to Automic at +61 2 9698 5414 or hello@automic.com.au.
Application Forms must be received no later than 1 January 2018

Privacy Clause: Automic Pty Ltd (ACN 152 260 814) trading as Automic Registry Services (Automic) advises that Chapter 2C of the *Corporation Act 2001* requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website – www.automic.com.au