



**Torque Metals Limited**

**ACN 621 122 905**

# **Entitlement Issue Prospectus**

For a pro-rata non-renounceable entitlement issue of one (1) Option for every four (4) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.01 per Option to raise up to \$157,046 (before costs of the offer) being up to approximately 15,704,630 Options (**Offer**).

## **IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Options being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser. This document may not be distributed in the United States.

The Options offered by this Prospectus should be considered as speculative.

## Corporate Directory

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### **Directors**

Ian Finch (Executive Chairman)  
Antony Lofthouse (Non-Executive Director)  
Patrick Burke (Non-Executive Director)

### **Company Secretary**

Neil McKay

### **Solicitors**

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

### **Lead Manager\***

Euroz Hartleys Limited  
Level 6, Westralia Square  
141 St Georges Terrace  
Perth WA 6000

### **ASX Code**

TOR

### **Registered Office**

4 Glencoe Road  
ARDROSS WA 6153

### **Principal Place of Business**

Unit 8, 18 Nicholson Road  
SUBIACO WA 6008

### **Share Registry\***

Advance Share Registry Limited  
110 Stirling Highway  
Nedlands WA 6009

### **Auditor\***

Hall Chadwick WA Audit Pty Ltd  
283 Rokeby Road  
Subiaco WA 6008

\* These parties have no involvement in the preparation or issue of this Prospectus. Their names appear for information purposes only.

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## Indicative Timetable

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|  |                            |
|--|----------------------------|
| Lodgement of the Prospectus with ASIC/ASX and lodgement of Appendix 3B with ASX        | 8 November 2021            |
| "Ex" date  | 10 November 2021           |
| Record Date  | 5pm (WST) 11 November 2021 |
| Offer document and Entitlement and Acceptance Form despatched to Eligible Shareholders | 15 November 2021           |
| Entitlement Offer Closing Date*  | 5pm (WST) 25 November 2021 |
| Results of the Entitlement Offer and lodgement of Appendix 3G                          | 1 December 2021            |

*\* This timetable is indicative only and subject to the Corporations Act and the ASX Listing rules, the Company reserves the right to change the above dates. The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date.*

## Important Notes

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Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisers. The Options the subject of this Prospectus should be considered highly speculative.

This Prospectus is dated 8 November 2021 (**Prospectus**) and a copy of this Prospectus was lodged with the ASIC on that date.

The ASIC and ASX take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is 13 months after the date the Prospectus was lodged with the ASIC. No Options will be issued on the basis of this Prospectus after the expiry date.

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

Applications for Options offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

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

The Company reserves the right not to accept an Entitlement and Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance 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.

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 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 prospectus, except where required by

law. These forward looking statements are subject to various risk factors that could cause actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4 of this Prospectus.

### **Risk Factors**

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Options pursuant to this Prospectus.

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.

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. The risks associated with an investment in the Company are outlined in Section 4.

# 1. Details of the Offer

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## 1.1 The Offer

The Offer is being made as a pro-rata non-renounceable entitlement issue of one (1) Option (**Option**) for every four (4) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.01 per Option to raise up to \$157,046 (before costs of the Offer) being up to approximately 15,704,630 Options.

Fractional Entitlements will be rounded up to the nearest whole number.

Each Option will be exercisable at \$0.30, on or before the expiry date being two (2) years from the date of issue of the Options. All of the Options offered under this Prospectus will be issued on the terms and conditions set out in Section 3.1 of this Prospectus.

All of the Shares issued upon the future exercise of the Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 3.2 for further information regarding the rights and liabilities attaching to the Shares.

Details of the purpose and effect of the Offer are set out in Section 2 of this Prospectus.

## 1.2 Minimum Subscription

There is no minimum subscription.

## 1.3 Closing Date of the Offer

The Closing Date will be 25 November 2021 at 5.00pm WST.

The Directors reserve the right to close the Offer early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so.

## 1.4 Acceptance

Your acceptance of the Offer must be made by completing the Entitlement and Acceptance Form accompanying this Prospectus. The Entitlement and Acceptance Form sets out the number of Options you are entitled to subscribe for. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement. Payment for acceptance of the Offer can be made via BPAY or by cheque/bank draft. Your payment must be received by no later than 5:00pm (WST) on 25 November 2021.

You may participate in the Offer as follows:

- (a) if you wish to accept your full Entitlement:
  - (i) follow the instructions on the accompanying Entitlement and Acceptance Form; and
  - (ii) pay the application monies (in full) by BPAY or cheque/bank draft, so that it is received by no later than 5.00pm WST on the Closing Date; or
- (b) if you only wish to accept **part** of your Entitlement:
  - (i) fill in the number of Options you wish to accept in the space provided on the Entitlement and Acceptance Form; and

- (ii) pay the appropriate application monies, by BPAY or cheque/bank draft so that is received no later than 5.00pm WST on the Closing Date (at \$0.01 per Option); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

#### **Payment by cheque/bank draft**

Your cheque/bank draft should be made payable to “TORQUE METALS LIMITED” in Australian currency, crossed “NOT NEGOTIABLE” and drawn on an Australian branch of a financial institution. Please complete the cheque/bank draft details on the Entitlement and Acceptance Form and ensure that you submit the correct amount as incorrect payments may result in your Application being rejected.

Your Entitlement and Acceptance Form must be received by the Share Registry by no later than 5:00pm (WST) on 25 November 2021. You should allow sufficient time for this to occur. Please return your Entitlement and Acceptance Form with cheque/bank draft attached.

#### **Payment by BPAY**

If paying via BPAY, your payment must be received by no later than 5:00pm (WST) on 25 November 2021. Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment and should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPAY are received by this time.

Please return your Entitlement and Acceptance Form via post or facsimile (see the contact details on the Entitlement and Acceptance Form).

**It is your responsibility to ensure that your completed Entitlement and Acceptance Form and payment of application monies is received by the share registry by no later than 5:00 pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.** Any application monies received for more than your final allocation of Options will be refunded. No interest will be paid on any application monies received or refunded.

### **1.5 Non-renounceable**

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

### **1.6 Underwriting**

The Offer is not underwritten.

### **1.7 Lead Manager**

Euroz Hartleys Limited (ACN 104 195 057) has been appointed as lead manager for the Offer (**Lead Manager**).

The Company has entered into a mandate with the Lead Manager the terms of which, including the fees, are summarised in Section 5.6.

## **1.8 Effect on Control of the Company**

In addition, Shareholders should note that if they do not participate in the Offer, their holdings, upon the future exercise of the Options, are likely to be diluted by approximately 20% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus and assuming no other Options are issued).

## **1.9 Shortfall Offer**

There will be no shortfall offer and the Directors do not reserve the right to issue any shortfall Options. Any Options that are not taken up by Shareholders pursuant to their Entitlement will lapse.

## **1.10 Issue of Options**

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

Options issued pursuant to the Shortfall Offer will be allotted on a progressive basis. Where the number of Options issued is less than the number applied for, or where no allotment is made surplus application monies will be refunded without an interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

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

**Holding statements for Options issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Options issued under the Shortfall Offer as soon as practicable after their issue.**

## **1.11 Overseas Shareholders**

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

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

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

The Company will not be issuing option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

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

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

### **1.13 Privacy Act**

If you complete an application for Options, 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 or Optionholder, facilitate distribution payments and corporate communications to you as a Shareholder or Optionholder and carry out administration.

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

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

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

### **1.14 Enquiries**

Any questions concerning the Offer should be directed to the Company Secretary on +61 (0) 421 977 617 or by email to [admin@torquemetals.com](mailto:admin@torquemetals.com).

## 2. Purpose and Effect of the Offer

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### 2.1 Purpose of the Offer

The purpose of the Offer is to reward Shareholders for their loyalty.

The Board has decided to structure the Offer as a non-renounceable entitlement issue, to:

- (a) provide a cost base for tax purposes in respect of the Options offered under the Offer;
- (b) cover the expenses of the Offer; and
- (c) provide the Company with additional working capital.

### 2.2 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Options offered under the Prospectus are issued, is set out below.

| <b>Shares</b>  | <b>Number</b>     |
|--|-------------------|
| Quoted Shares currently on issue (TOR)   | 45,796,073        |
| Unquoted/restricted Shares (TORAD)   | 14,698,566        |
| Unquoted/restricted Shares (TORAC)   | 2,323,880         |
| Shares offered pursuant to the Offer   | 0                 |
| <b>Total Shares on issue after completion of the Offer</b>                                 | <b>62,818,519</b> |
| <b>Options</b>   |                   |
| Unlisted Options (TORAF) (expiry 27 July 2023)   | 1,000,000         |
| Unlisted Options (TORAG)(expiry 23 June 2024)  | 3,875,000         |
| Unlisted Options (TORAH)(expiry 23 June 2024)  | 5,500,000         |
| Unlisted Options (TORAE) (expiry 22 December 2023)   | 2,250,000         |
| New unlisted Options to be issued pursuant to the Offer (approximate maximum) <sup>1</sup> | 15,704,630        |
| <b>Total Options on issue after completion of the Offer</b>                                | <b>28,329,630</b> |

**Notes:**

1. The terms and conditions of the Options to be issued under the Offer are set out in Section 3.1.

### 2.3 Other Effects of the Offer

The principal effect of the Offer, assuming all Options offered under the Prospectus are issued, will be to:

- (a) issue a new class of unlisted Options;
- (b) increase the number of Options on issue from 12,625,000 as at the date of this Prospectus to up to approximately 28,329,630 Options; and
- (c) the Company will receive \$0.30 for each Option exercised and raise additional funds of up to approximately \$4,711,389. The likelihood of the Company raising the additional capital through the exercise of the Options is dependent on the price of the Shares from time to time until the Options expire.

## 2.4 Financial Effect of the Offer

The Options to be issued pursuant to this Prospectus will be issued for \$0.01 each. The issue of the Options pursuant to this Prospectus will not have a material impact on the Company's current financial position other than to raise \$157,046 (before costs of the Offer of approximately \$17,500).

## 2.5 Details of substantial holders

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 (undiluted) |
|-------------------------|-----------|---------|--------------------------------|
| Austral Pacific Pty Ltd | 5,820,000 | N/A     | 9.265%                         |
| Turf Moor Pty Ltd       | 5,000,000 | N/A     | 7.959%                         |
| Tshung Hui Chang        | 3,352,000 | N/A     | 5.337%                         |

On completion of the Offer (assuming the existing substantial Shareholders above subscribes for their full entitlement and receive Options pursuant to the Offer):

| Shareholder                    | Shares    | Entitlement to Options under the Offer | Total Shares held on exercise of Options under the Offer | Percentage Holding (undiluted) | Percentage Holding (all Options issued under this Prospectus exercised - diluted) <sup>1</sup> |
|--------------------------------|-----------|--|--|--------------------------------|--|
| Austral Pacific Pty Ltd        | 5,820,000 | 1,455,000                              | 7,275,000  | 9.265%                         | 9.265%   |
| Turf Moor Pty Ltd <sup>2</sup> | 5,000,000 | 1,250,000                              | 6,250,000  | 7.959%                         | 7.959%   |
| Tshung Hui Chang               | 3,352,000 | 838,000                                | 4,190,000  | 5.335%                         | 5.335%   |

**Note:**

1. Calculated on the basis that all of the Options offered under this Prospectus are exercised into Shares and no other Options are exercised.
2. Company Director, Ian Finch is a director and 50% shareholder of Turf Motor Pty Ltd.

### **3. Rights and Liabilities Attaching to Securities**

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#### **3.1 Option terms and conditions**

The terms and conditions of the Options are as follows:

##### **3.1.1 Entitlement**

Each Option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company upon exercise of the Option.

##### **3.1.2 Exercise Price and Expiry Date**

The amount payable upon exercise of each Option will be \$0.30 (**Exercise Price**).

The expiry date of each Option is 2 years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse at 5.00pm (WST) on the Expiry Date.

##### **3.1.3 Exercise Period**

Subject to all necessary shareholder and regulatory approvals as determined by the Company (including but not limited to shareholder approval under Item 7 of section 611 of the *Corporations Act 2001 (Cth)*), the Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

##### **3.1.4 Notice of Exercise**

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

##### **3.1.5 Exercise Date**

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

##### **3.1.6 Quotation**

The Company will not apply for quotation of the Options on ASX.

##### **3.1.7 Issue of Shares on exercise**

Within 5 business days after the Exercise Date (or in the event shareholder and regulatory approvals are required pursuant to clause 3.1.3 above, within 5 business days after the date on which the Company obtains all necessary shareholder and regulatory approvals), the Company will:

- (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things

necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (c) if admitted to the official list of ASX at the time, subject to any restriction or escrow arrangements imposed by ASX, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

### **3.1.8 Shares issued on exercise**

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

### **3.1.9 Reconstruction of capital**

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

### **3.1.10 Participation in new issues**

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

### **3.1.11 Change in exercise price**

There will be no change to the exercise price of the Options or the number of Shares over which the Options are exercisable in the event of the Company making a pro rata issue of Shares or other securities to the holders of Shares in the Company (other than a bonus issue).

### **3.1.12 Adjustment for bonus issues**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the holder would have received if the holder of the Options had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Option exercise price.

### **3.1.13 Transferability**

The Options are not transferable.

## **3.2 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.

### **3.2.1 General meetings**

Shareholders are entitled to be present at general meetings of the Company in person, or to attend and vote by proxy, attorney or representative.

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

### **3.2.2 Voting rights**

Subject to the Constitution and any rights or restrictions attached to a class of Shares:

- (a) Shareholders are entitled to vote in person or by proxy, attorney or representative;
- (b) on a show of hands at a meeting of Shareholders, every Shareholder present, or proxy, attorney or representative of a Shareholder, has one vote;
- (c) on a poll at a meeting of Shareholders, every Shareholder present, or proxy, attorney or representatives of a Shareholder, has:
  - (i) one vote for each fully paid up Share that the Shareholder holds; and
  - (ii) for each partly paid up Share that the Shareholder holds, a fraction of one vote that is equivalent to the proportion which the amount paid (not credited) on that Share is of the total amounts paid and payable (excluding amounts credited) on that Share.

If a Shareholder is present at a general meeting and any one or more proxy, attorney or representatives for a Shareholder is also present at the meeting, then no such proxy, attorney or representative is entitled to vote on a show of hands. On a poll at a general meeting, the vote of each proxy, attorney or representative for a Shareholder is of no effect unless such person is appointed to represent a specified proportion of the Shareholder's voting rights, which does not exceed the aggregate of 100%.

A Shareholder, who is entitled to attend and cast a vote at a meeting of Shareholders, may vote on a show of hands and on a poll in person or by proxy, attorney or representative.

If a Shareholder is entitled to cast 2 or more votes, the Shareholder may appoint 2 proxies. If the Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes..

### **3.2.3 Dividend rights**

Subject to the Corporations Act, the Listing Rules and any rights or restrictions attached to a class of Shares, the Company may pay dividends as the Directors resolve but only where..

- (a) the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to all Shareholders; and
- (c) the payment of the dividend does not materially prejudice the Company's ability to pay its creditors.

When paying a dividend, the Directors may direct payment of a dividend wholly or partly by the distribution of Shares or other securities. Where a difficulty arises in regard to such a distribution, the Directors may fix the value for distribution and may determine that cash payments may be issued to all Shareholders.

The Company is not required to pay any interest on a dividend.

Subject to the Listing Rules, the Directors may capitalise any profits of the Company and distribute that capital to the Shareholders, in the same proportions as the Shareholders are entitled to a distribution by dividend.

Subject to the Corporations Act and the Listing Rules, the Directors may:

- (a) establish a dividend reinvestment plan for cash dividends paid by the Company, under which participants may elect in respect of all or part of their Shares to apply the whole or any part of a dividend from the Company in subscribing for securities of the Company;
- (b) establish a dividend election plan, under which participants may elect in respect of all or part of their Shares, to forego their right to share in any dividends payable in respect of such Shares and instead, to receive an issue of Shares credited as fully paid to the extent as determined by the Directors; or
- (c) may modify, suspend or terminate all or any dividend plans established under the Constitution.

#### **3.2.4 Winding-up**

Subject to the Corporations Act, the Listing Rules and any rights or restrictions attached to a class of Shares, on a winding up of the Company any surplus must be divided among the Shareholders in the proportion to the Shares held by each Shareholder, irrespective of the amount paid or payable (including amounts credited) on the Shares.

Subject to the Corporations Act, the Listing Rules and any rights or restrictions attached to a class of Shares, on a winding up of the Company, the liquidator may, with the sanction of a special resolution of the Shareholders, divide among the Shareholders the whole or any part of the property of the Company, and decide how to distribute the property as between the Shareholders or different classes of Shareholders.

#### **3.2.5 Shareholder liability**

Subject to the Corporations Act, Listing Rules and the original terms of issue of the Shares, the Directors may only make calls for money on Shareholders in respect of any money unpaid on the Shares.

#### **3.2.6 Transfer of Shares**

Subject to the Corporations Act, the Listing Rules and the ASTC Settlement Rules, a Shareholder may transfer all or any of their Shares.

#### **3.2.7 Variation of rights**

Subject to the Corporations Act, any other applicable law, and the terms of issue of Shares in a particular class, the Company may vary or abrogate rights attached to Shares in that class, by special resolution of the Company passed at a meeting of Shareholders holding shares in that class or, with the written consent of Shareholders with at least 75% of the votes in that class.

## **4. Risk Factors**

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### **4.1 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, before deciding whether to apply for Shares 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.

### **4.2 Specific Risks**

#### **4.2.1 Encroachment Risk**

Some of the Company's exploration licenses are encroached by privately held tenements. The Company notes that whilst there is no land access agreement in place with the private tenement holders in relation to E77/2350, there is a risk the Company may not be able to access these areas of the tenement. However, the Company considers that this risk in relation to the overlapping area in relation to E 77/2350 will have not a material impact on the business of the Company due to the very small size of the overlap (less than 0.03% of the area of E77/2350). In the event that access is required to these areas the Company will negotiate with the holders of overlapping licences to enter into a land access agreement with respect to these areas.

#### **4.2.2 Exploration and Development**

Mineral exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Company. Success in this process involves, among other things:

- (a) discovery and proving-up, or acquiring, an economically recoverable resource or reserve;
- (b) access to adequate capital throughout the acquisition/discovery and project development phases;
- (c) securing and maintaining title to mineral exploration projects;
- (d) obtaining required development consents and approvals necessary for the acquisition, mineral exploration, development and production phases; and
- (e) accessing the necessary experienced operational staff, the applicable financial management and recruiting skilled contractors, consultants and employees.

There can be no assurance that exploration on the Projects, or any other exploration projects that may be acquired in the future, will result in the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

#### **4.2.3 Limited History**

The prospects of the Company must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stages of their development, particularly in the mineral exploration sector, which has a high level of inherent risk and uncertainty. No assurance can be given that the Company will achieve commercial viability through the successful exploration on, or mining development of, the Bullfinch Project, the Paris Gold Project or any future projects the Company may acquire an interest in. Until the Company is able to realise value from the Bullfinch Project, the Paris Gold Project or any future projects, it is likely to incur operational losses.

#### **4.2.4 Future Profitability**

The Company is in the growth stage of its development and is currently making losses. The Company profitability will be impacted by, among other things, the success of its exploration and mining activities, economic conditions in the markets in which it operates, competition factors and any regulatory developments. Accordingly, the extent of future profits (if any) and the time required to achieve sustained profitability are uncertain and cannot be reliably predicted.

#### **4.2.5 Operational Risks**

The operations of the Company may be affected by various factors, including:

- (a) failure to locate or identify mineral deposits;
- (b) failure to achieve predicted grades in exploration and mining;
- (c) operational and technical difficulties encountered in mining;
- (d) insufficient or unreliable infrastructure, such as power, water and transport;
- (e) difficulties in commissioning and operating plant and equipment;
- (f) mechanical failure or plant breakdown;
- (g) unanticipated metallurgical problems which may affect extraction costs; and
- (h) adverse weather conditions.

In the event that any of these potential risks eventuate, the Company's operational and financial performance may be adversely affected.

#### **4.2.6 Commodity Prices and Exchange Rates**

The value of the Company's assets and potential earnings may be affected by fluctuations in commodity prices and exchange rates, such as the USD and AUD denominated gold price and the AUD / USD exchange rate.

These prices can significantly fluctuate, and are exposed subject to numerous factors beyond the control of the Company such as world demand for precious and other metals, forward selling by producers, and production cost levels in major metal producing regions. Other factors include expectations regarding inflation, the financial impact of movements in interest

rates, commodity price forward curves, global economic trends, and domestic and international fiscal, monetary and regulatory policy settings.

In the event the Company achieves exploration success leading to viable mining production, the Company's financial performance will be highly dependent on commodity prices and exchange rates.

#### **4.2.7 Joint Venture and Contractual Risk**

The Company has entered into the Jindalee JV Agreement and other tenement acquisition agreements, which, among other things, grant the Company certain rights with respect to the exploration and development of the Projects.

The Jindalee JV Agreement grants significant powers to the Company with respect to control of the Jindalee Joint venture and tenements not currently held in the name of the Company. Despite this, there is an inherent risk of default under or breach of the Jindalee JV Agreement which may impact the Company's business and its performance.

#### **4.2.8 Conditions to Tenements**

Interests in tenements in Western Australia are governed by legislation and are evidenced by the granting of leases and licences by the State. The Company is subject to the *Mining Act 1978 (WA)* (**Mining Act**) and the Company has an obligation to meet conditions that apply to the tenements, including the payment of rent and prescribed annual expenditure commitments.

The tenements held by the Company are subject to annual review and periodic renewal. While it is the Company's intention to satisfy the conditions that apply to the tenements, there can be no guarantees made that, in the future, the tenements that are subject to renewal will be renewed or that minimum expenditure and other conditions that apply to the tenements will be satisfied. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Projects. There is also a risk that the tenement applications will not be granted to the Company. These events could have a materially adverse effect on the Company's prospects and the value of its assets.

If a tenement holder fails to comply with the terms and conditions of a tenement, the Warden or Minister (as applicable) may impose a fine or order that the tenement be forfeited. In most cases an order for forfeiture can only be made where the breach is of sufficient gravity to justify forfeiture of the tenement. In certain cases, a third party can institute administrative proceedings under the Mining Act before the Warden seeks forfeiture of the tenement. Refer to Section 4.2.29 for further information on the forfeiture applications regarding three of the Talga tenements, E77/2222, E77/2350 and E77/2251.

#### **4.2.9 Grant of Future Authorisations to Explore and Mine**

If the Company discovers an economically viable mineral deposit that it then intends to develop, it will, among other things, require various approvals, licences and permits before it will be able to mine the deposit. There is no guarantee that the Company will be able to obtain all required approvals, licences and permits. To the extent that required authorisations are not obtained or are delayed, the Company's operational and financial performance may be materially adversely affected.

#### **4.2.10 Land Access**

There is a substantial level of regulation and restriction on the ability of exploration and mining companies to have access to land in Australia. Negotiations with both Native Title and land owners/occupiers are generally required before the Company can access land for exploration

or mining activities. Inability to access, or delays experienced in accessing, the land may impact on the Company's activities.

#### **4.2.11 Resource and Reserve Estimates**

Whilst the Company intends to undertake exploration activities with the aim of upgrading existing resources or defining new resources, no assurances can be given that the exploration will result in the determination of a resource. Even if a resource is identified, no assurance can be provided that this can be economically extracted.

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

#### **4.2.12 Results of Studies**

Subject to the results of exploration and testing programs to be undertaken, the Company may progressively undertake a number of studies in respect of the Projects. These studies may include scoping, pre-feasibility, definitive feasibility and bankable feasibility studies.

These studies will be completed within parameters designed to determine the economic feasibility of the Projects within certain limits. There can be no guarantee that any of the studies will confirm the economic viability of the Projects or the results of other studies undertaken by the Company (e.g. the results of a feasibility study may materially differ to the results of a scoping study).

Even if a study confirms the economic viability of the Projects, there can be no guarantee that the Project will be successfully brought into production as assumed or within the estimated parameters in the feasibility study (e.g. operational costs and commodity prices) once production commences. Further, the ability of the Company to complete a study may be dependent on the Company's ability to raise further funds to complete the study if required.

#### **4.2.13 Unforeseen Expenditure Risk**

Additional expenditure may need to be incurred that has not been considered in this Prospectus. Although the Company is not currently aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company and its proposed business plans.

#### **4.2.14 Future Funding Needs**

Further funding may be required by the Company in the event that costs exceed estimates or revenues do not meet estimates, to support its ongoing operations and implement its strategies. For example, funding may be needed undertake further exploration activities, or acquire complementary assets.

Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the Offers price or may involve restrictive covenants that limit the Company's operations or business strategy.

There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for the Company's activities and future projects may result in the delay or cancellation of certain activities or projects, which would likely adversely affect the potential growth of the Company.

#### **4.2.15 Native Title and Cultural Heritage**

The effect of present laws in respect of Native Title that apply in Australia is that the tenements and tenement applications may be affected by Native Title claims or procedures. This may prevent or delay the granting of exploration and mining tenements, or affect the ability of the Company to explore, develop and commercialise the resources on the tenements. The Company may incur significant expenses to negotiate and resolve any Native Title issues, including compensation arrangements reached in settling Native Title claims lodged over any of the tenements held or acquired by the Company.

The tenements are subject to the provisions of the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) and the *Aboriginal Heritage Act 1972* (WA). Accordingly, any destruction or harming of such sites and artefacts may result in the Company incurring significant fines and court injunctions, which may adversely impact on exploration and mining activities.

#### **4.2.16 Third Party**

Under State and Commonwealth legislation, the Company may be required to obtain the consent of and pay compensation to the holders of third-party interests which overlay areas within the Bullfinch Project, the Paris Gold Project or any future tenements in which the Company may acquire an interest, including native title claims, Aboriginal heritage sites and pastoral leases, prior to accessing or commencing any exploration or mining activities on the affected areas. Any delay in obtaining these consents may impact on the Company's ability to carry out exploration activities or mining within the affected areas or future tenements granted to the Company.

The activities contemplated by the Company in respect of the Bullfinch Project under all of the tenement work programs are in and around areas historically drilled and disturbed by extensive past exploration and/or historical mining. The tenements are in areas that have also been the subject of pastoral and agricultural activities.

Given that the activities contemplated by the Company are in close proximity to and in areas that have already been actively explored, the Directors consider the risk of any impediments with respect to native title, pastoralist activities and any other heritage restrictions to be low.

However, the Company acknowledges that exploration success may result in extended work programs on the tenements that may require further third-party consents with respect to the native title and Aboriginal heritage processes and pastoralist activities. As part of the process of submitting a program of works for any ground disturbing activities, pastoralists and other third parties will be notified and the Company will work to minimise disturbance in relation to the proposed activities in accordance with applicable law. The Directors acknowledge that delays may be caused to commencement of exploration programs.

#### **4.2.17 Crown Land**

The land subject to the tenements overlaps with Crown land, including pastoral, historical and general leases. Upon commencing mining operations on any of the tenements, the Company may need to consider entering into a compensation and access agreement with the lease holders to ensure the requirements of the Mining Act are satisfied and to avoid any disputes arising. In the absence of agreement, the Warden's Court determines compensation payable.

#### **4.2.18 Agents and Contractors**

The Company intends to outsource substantial parts of its exploration activities pursuant to services contracts with third party contractors. . The Directors are unable to predict the risk of financial failure or default or the insolvency of any of the contractors that will be used by

the Company in any of its activities or other managerial failure by any of the other service providers used by the Company for any activity. Contractors may also underperform their obligations under a contract, and in the event that their contract is terminated, the Company may not be able to find a suitable replacement on satisfactory terms.

#### **4.2.19 Royalties**

The Company's gold mining projects may be subject to State royalties. In the event that State royalties are increased in the future, the profitability and commercial viability of the company's projects may be negatively impacted.

#### **4.2.20 Environment**

The Company's proposed operations will be subject to State and Commonwealth laws and regulations relating to the environment. As with most exploration projects and mining operations, the Company's proposed operations are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Such impact may give rise to substantial costs for environmental rehabilitation, damage and losses.

The potential environmental impacts of the Company's proposed operations and any future projects could be expected to require statutory approvals to be obtained by the Company. There is no guarantee that such approvals would be granted and failure to obtain any environmental approvals that may be required from relevant government or regulatory authorities may impede or prevent the Company from undertaking its future operations.

Although it is the Company's intention to conduct its activities to the highest standard of environmental obligation, including in compliance in all material respects with relevant environmental laws, if such laws are breached, the Company could be required to cease its operations and/or incur significant liabilities.

#### **4.2.21 Acquisitions**

The Company may make acquisitions of, or significant investments in, companies or assets that are complementary to its business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of acquiring companies or assets, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving mineral exploration success and retaining key staff.

#### **4.2.22 Trade Liquidity and Expiry of Escrow**

A high proportion of existing Shares are subject to escrow pursuant to the Listing Rules. This reduces liquidity in the market for the Company's Shares, and may affect the ability of a Shareholder to sell some or all of its Shares due to the effect less liquidity may have on demand. An illiquid market for the Company's Shares is likely to have an adverse impact on the Share price.

Following the end of any 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.

#### **4.2.23 Reliance on Key Personnel**

The Company's success is to a large extent dependent upon the retention of key personnel. There is no assurance that engagement contracts for members of the senior management team personnel will not be terminated or will be renewed on their expiry. If such contracts were terminated, or if members of the senior management team were otherwise no longer able to continue in their role, the Company would need to replace them which may not be

possible if suitable candidates are not available. Furthermore, there is no guarantee the Company is able to attract, train and retain key individuals and other highly skilled employees and consultants. As a result, the Company's operations and financial performance would likely be adversely affected.

#### **4.2.24 Rehabilitation of Tenements**

In relation to the Company's proposed operations, issues could arise from time to time with respect to abandonment costs, consequential clean-up costs, environmental concerns and other liabilities. In these instances, the Company could become subject to liability if, for example, there is environmental pollution or damage from the Company's exploration activities and there are consequential clean-up costs at a later point in time.

#### **4.2.25 Climate Change Regulation**

Mining of mineral resources is relatively energy intensive and is dependent on the consumption of fossil fuels. Increased regulation and government policy designed to mitigate climate change may adversely affect the Company's cost of operations and adversely impact the financial performance of the Company.

The efforts of the Australian government to transition towards a lower-carbon economy may also entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change that could significantly impact the Company. Depending on the nature, speed and focus of these changes, transition risks may pose varying levels of financial and reputational risk to the Company.

Furthermore, the physical risks to the Company resulting from climate change can be event driven (acute) or longer term shifts (chronic) in climate patterns. These physical risks may have financial implications for the Company, such as direct damage to assets and indirect impacts from supply chain disruption.

#### **4.2.26 Safety**

Safety is a fundamental risk for any exploration and production company in regards to personal injury, damage to property and equipment and other losses. The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage or destruction of property, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

#### **4.2.27 Litigation**

The Company may in the ordinary course of business become involved in litigation and disputes, for example with service providers, customers or third parties infringing the Company's tenements. Any such litigation or dispute could involve significant economic costs and damage to relationships with contractors, customers or other stakeholders. Such outcomes may have an adverse impact on the Company's business, reputation and financial performance.

#### **4.2.28 Insurance Coverage**

The Company intends to maintain adequate insurance over its operations within the ranges that the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. However, the Company may not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

#### **4.2.29 Forfeiture Applications**

Tenements E77/2251, E77/2222 and E77/2350, are currently subject to complaints for forfeiture for an alleged failure to comply with the expenditure conditions on the respective tenements. The Company is defending these complaints and considers them to be opportunistic. If these applications are upheld through the Warden's Court there is a likelihood that the Company will be required to pay a fine or, in the worst case, the Warden may consider the non-compliance to be of sufficient gravity to recommend to the Minister that the relevant tenement(s) should be forfeited. The Minister may but does not have to declare the relevant tenement(s) forfeited.

If an application is successful, the Warden may recommend the forfeiture of one or all tenements or impose a penalty not exceeding \$10,000 as an alternative to forfeiture or dismiss the application. A recommendation for forfeiture shall not be made unless the Warden is satisfied that the noncompliance is in the circumstances of the case, of sufficient gravity to justify forfeiture.

The Minister, after receiving the recommendation of the Warden may:

- (a) declare the tenement(s) forfeited;
- (b) impose a penalty not exceeding \$10,000 as an alternative to forfeiture;
- (c) determine not to forfeit the tenement(s) or impose any penalty.

The Minister is not bound by the Warden's recommendation.

The forfeiture applications have been adjourned and may be heard sometime mid 2022 in the Warden's Court in Perth.

### **4.3 General Risks**

#### **4.3.1 Investment Risk**

The Shares to be issued under this Prospectus should be considered highly speculative. There is no guarantee as to the payment of dividends, return of capital or the market value of the Shares from time to time. The price at which an investor is able to trade the Shares may be above or below the price paid for Shares under the Offers. Whilst the Directors recommend the Offer, investors must should make their own assessment of the risks and determine whether an investment in the Company is appropriate in their own circumstances.

#### **4.3.2 Share Market**

Share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions may cause the Shares to trade at prices below the price at which the Shares are currently trading at the date of this Prospectus. There is no assurance that the price of the Shares will increase, even if the Company's earnings increase. Some factors include, but are not limited to, the following:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital;

- (f) terrorism or other hostilities; and
- (g) other factors beyond the control of the Company.

The coronavirus disease (**COVID-19**) has increased global share market volatility and is likely to continue to negatively affect global share markets for an undetermined period of time. has increased global share market volatility and is likely to continue to negatively affect global share markets for an undetermined period of time.

#### **4.3.3 Changes to Laws and Regulations**

The Company may be affected by changes to laws and regulations (in Australia and other countries in which the Company may operate) concerning property, the environment, superannuation, taxation trade practices and competition, government grants, incentive schemes, accounting standards and other matters. Such changes could have adverse impacts on the Company from a financial and operational perspective.

#### **4.3.4 Economic Risks**

The future viability of the Company is also dependent on a number of other factors affecting the performance of all industries and not just the mining industry including, but not limited to, the following:

- (a) general economic conditions in jurisdictions in which the Company operates;
- (b) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- (c) the strength of equity and share markets in Australia and throughout the world;
- (d) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- (e) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

#### **4.3.5 Taxation**

The acquisition and disposal of Options 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 Options from a taxation point of view and generally.

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

#### **4.3.6 Force Majeure**

Events may occur within or outside the markets in which the Company operates that could impact upon the global and Australian economies, the operations of the Company and the market price of its Shares. These events include acts of terrorism, outbreaks of international hostilities, fires, pandemics, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease, and other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. Given the Company has only a limited ability to insure against some of these risks, its business, financial performance and operations may be materially and adversely affected if any of the events described above occur.

#### **4.3.7 Coronavirus (COVID-19) Risk**

The outbreak of the coronavirus disease (COVID-19) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The price of Shares may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19.

Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company. The Company's inability to freely move people and equipment to and from exploration projects may cause delays or cost increases. The effects of COVID-19 on the Share price may also impede the Company's ability to raise capital, or require the Company to issue capital at a discount, which may in turn cause dilution to Shareholders.

#### **4.4 Other Risks**

This list of risk factors above is not an exhaustive list of the risks faced by the Company or by investors in the Company. The risk factors described in this Section 4 as well as risk factors not specifically referred to above may in the future materially affect the financial performance of the Company and the value of its Shares. Therefore, the Shares issued upon the exercise of Options offered under this Prospectus carry no guarantee with respect to the payment of dividends, return of capital or their market value.

Investors should consider that an investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Options under this Prospectus.

## 5. Additional Information

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### 5.1 Continuous Disclosure Obligations and Nature of Prospectus

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

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to ASX. In addition, the Company posts 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.

Investors are encouraged to check and monitor any further announcements made by the Company to ASX prior to securities being issued under the Offer. To do so, please refer to the Company’s ASX announcements platform via [www.asx.com.au](http://www.asx.com.au).

The new Options to be issued pursuant to this Prospectus are options over continuously quoted securities. This Prospectus is issued under the special prospectus content rules for continuously quoted securities in Section 713 of the Corporations Act, and is a “transaction specific prospectus”. In general terms, a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This enables listed disclosing entities, such as the Company, to issue a prospectus for options to acquire continuously quoted securities with modified disclosure requirements if they satisfy certain requirements.

The information in this Prospectus principally concerns the terms and conditions of the Offer and the information reasonably necessary to make an informed assessment of:

- (a) the effect of the Offer on the Company; and
- (b) the rights and liabilities attaching to the Options offered pursuant to this Prospectus and the underlying securities.

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

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

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

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

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents (as applicable), free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report most recently lodged by the Company with the ASIC;
  - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
  - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in Section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

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

The Company has lodged the following announcements with ASX since the date of lodgement of the Company's latest annual financial report and before lodgement of this Prospectus with ASIC:

| Date            | Announcement   |
|-----------------|--|
| 29 October 2021 | Appendix 4G and Corporate Governance Statement         |
| 28/10/2021      | Quarterly Activities Report                            |
| 28/10/2021      | Quarterly Activities/Appendix 5B Quarterly Cash Report |
| 28/10/2021      | Pro Rata Loyalty Option Offer                          |
| 19/10/2021      | Notice of Annual General Meeting / Proxy Form          |
| 18/10/2021      | New High-Grade Discovery at Paris Gold Mine            |
| 14/10/2021      | Trading Halt   |
| 01/10/2021      | AGM Listing Rule 3.13.1                                |
| 01/10/2021      | 30 June 2021 Statutory Accounts                        |

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

## 5.2 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the 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 or the Offer pursuant to this Prospectus; 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 or to any firm in which any such Director is a partner or Director, either to induce them to become, or to qualify them as, a Director or otherwise for services rendered by them or by the firm in connection with the formation or promotion of the Company or the Offer.

### 5.3 Remuneration

The remuneration (including superannuation and share based payments unless stated otherwise) paid to the Directors for the two financial years prior to the date of this Prospectus, and proposed to be paid to the Directors for the current financial year (on an annualised basis), is set out below.

| Director                   | Remuneration for the financial year ended 2020 | Remuneration for the financial year ended 2021 | Proposed remuneration for financial year ending 2022 |
|----------------------------|--|--|--|
| Ian Finch                  | \$42,374                                       | \$51,062                                       | \$242,00   |
| Antony Lofthouse           | \$6,549  | \$947  | \$39,600   |
| Patrick Burke <sup>1</sup> | -  | \$947  | \$39,600   |

**Notes:**

1. Patrick Burke was appointed as director on 08 February 2021.

The Constitution of the Company provides that the Non-Executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting.

### 5.4 Securities

The securities in which the Directors and their associates have or are proposed to have relevant interests in at the date of this Prospectus are set out below.

| Director         | Shares                 | Options | Performance Rights | Entitlement to New Listed Options under this Prospectus |
|------------------|------------------------|---------|--------------------|---|
| Ian Finch        | 5,000,000 <sup>1</sup> | -       | -                  | 1,250,000   |
| Antony Lofthouse | 20,000 <sup>2</sup>    | -       | -                  | 5,000   |
| Patrick Burke    | -                      | -       | -                  | Nil   |

**Notes:**

1. Held by Turf Moor Pty Ltd, of which Mr Finch is a director and 50% shareholder.
2. Held by Porites Pty Ltd (Lofthouse Investment Trust), of which Mr Lofthouse is a director and 50% shareholder).

As at the date of this Prospectus, Directors intend to participate in the Offer to the extent of their full entitlement.

## 5.5 Related Party Transactions

There are no related party transactions entered into that have not otherwise been disclosed in this Prospectus.

## 5.6 Lead Manager Mandate

The Company has entered into a mandate with Euroz Hartleys Limited (**Euroz Hartleys**) dated 30 September 2021 for Euroz Hartleys to act as lead manager and corporate advisor to the Company (**Lead Manager Mandate**).

Pursuant to the Lead Manager Mandate, in respect to its role as Lead Manager to the Loyalty Options Offer, and following the completion of the Offer, the Company will issue to Euroz Hartleys (or its nominee) 2 million unlisted Options exercisable at \$0.30 per Option at any time over a 2 year period from date of issue and otherwise on standard terms and conditions (being the same terms set out in Section 3.1) (**Lead Manager Options**).

The Lead Manager Mandate otherwise contains other fees on commercial terms and provisions considered standard for agreements of this nature.

## 5.7 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

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

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other 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, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer.

## 5.8 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes 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.

Nova Legal has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Nova Legal \$10,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, the

Company has incurred legal fees of approximately \$14,921 (including GST and disbursements) owing to Nova Legal. Nova Legal has given and has not withdrawn its consent to be named as the solicitors to the Company in this Prospectus, in the form and context in which it is named. Nova Legal has not caused or authorised the issue of this Prospectus, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

Euroz Hartleys Limited has provided corporate advisor and lead manager services to the Company under the Lead Manager Mandate described in Section 5.6. The Lead Manager will receive the Lead Manager Options as a fee for its services in respect of the Offer. During the 24 months preceding lodgement of this Prospectus with ASIC, Euroz Hartleys Limited has received fees totalling \$382,625 plus GST from the Company in connection with capital raising services for the Company's initial public offering. Euroz Hartleys Limited has given, and has not withdrawn its consent to being named as Lead Manager to the Company in this Prospectus. Euroz Hartleys Limited 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.

Advance Share Registry Limited (**Share Registry**) has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Entitlement and Acceptance Forms received pursuant to this Prospectus, and are paid for these services on standard industry terms and conditions. References to the Share Registry appear for information purposes only. The Share Registry has given and, as at the date hereof, has not withdrawn, its written consent to be named as Share Registry in the form and context in which it is named. The Share Registry has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registry to the Company. The Share Registry has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

Hall Chadwick WA Audit Pty Ltd (**Auditor**) has been appointed as the Company auditor. References to the Auditor appear for information purposes only. The Auditor has given and, as at the date hereof, has not withdrawn, its written consent to be named as the Auditor in the form and context in which it is named. The Auditor has had no involvement in the preparation of any part of the Prospectus other than being named as Auditor to the Company. The Auditor has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

## 5.9 Litigation

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

## 5.10 Estimated Expenses of Offer

In the event the Offer is fully subscribed, the total expenses of the Offer are estimated to be approximately \$17,500 (excluding GST) as follows:

| Expense                                    | (\$)            |
|--|-----------------|
| ASIC fees                                  | \$3,206         |
| Legal expenses                             | \$10,000        |
| Miscellaneous, printing and other expenses | \$4,294         |
| <b>Total</b>                               | <b>\$17,500</b> |

## 5.11 Market Price of Shares

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

The highest and lowest closing prices of Shares on the ASX during the 3 months preceding the date of this Prospectus, and the closing price on the trading day before the date of this Prospectus, are set out below.

|         | Price   | Date                       |
|---------|---------|----------------------------|
| Highest | \$0.305 | 20 October 2021            |
| Lowest  | \$0.18  | 27 July 2021, 28 July 2021 |
| Last    | \$0.26  | 5 November 2021            |

## 5.12 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 entitlement and acceptance form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic entitlement and acceptance 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 Entitlement and Acceptance Form. If you have not, please phone the Company on 0421 977 617 or [admin@torquemetals.com](mailto:admin@torquemetals.com) and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

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

## 6. Directors' Authorisation

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This Prospectus is dated 8 November 2021 and is issued by the Company and its issue has been authorised by a resolution of the Directors.

The Directors have made all reasonable enquires and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive.

This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to likely investors or their professional advisors.

Each of the Directors of the Company has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act and has not withdrawn that consent.

Signed for and on behalf of the Company.



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**Ian D. Finch**  
**Executive Chairman**  
**Torque Metals Limited**

## 7. Glossary

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

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

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

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

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

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

**Bullfinch Project** means the Company's 100% interest in five exploration licences (E77/2522, E77/2222, E77/2251, E77/2350 and E77/2607) within the Bullfinch area of the Yilgarn Gold Fields of Western Australia.

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

**CHESSE** means the Clearing House Electronic Subregister System.

**Closing Date** means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

**Company** means Torque Metals Limited (ACN 621 122 905).

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

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

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

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

**Entitlement and Acceptance Form** means the personalised entitlement and application form accompany this Prospectus.

**Jindalee** means Jindalee Resources Limited (ACN 604 121 133)

**Jindalee JV Agreement** means the farm-in and joint venture agreement entered into between the Company and Jindalee dated 4 May 2020.

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

**Lead Manager Mandate** means has the meaning set out in Section 5.6.

**Lead Manager Options** has the meaning given to it in Section 5.6.

**Native Title** means any right or interest granted to any person or entity under the *Native Title Act 1993 (Cth)*.

**Offer** means the non-renounceable offer, the subject of this Prospectus.

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

**Option** means an option to acquire a Share, on the terms and conditions set out in Section 3.1 of this Prospectus.

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

**Paris Gold Project** means the Company's 100% interest in the nine mining licences (M15/1175, M15/479, M15/480, M15/481, M15/482, M15/496, M15/497, M15/498, M15/1719) and two prospecting licences (P15/5992, P15/6149) within the Eastern Goldfields area of the Coolgardie Gold Fields of Western Australia.

**Projects** means the Bullfinch Project and the Paris Gold Project or any one or more of them, as the context requires.

**Prospectus** means this prospectus.

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

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

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

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

**Shortfall Offer** has the meaning specified in Section 1.9 of this Prospectus.

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