

**METALICITY LIMITED**  
**ACN 086 839 992**

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## **ENTITLEMENT ISSUE PROSPECTUS**

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For a non-renounceable entitlement issue of two (2) Shares for every three (3) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.002 per Share to raise up to \$966,984 (based on the number of Shares on issue as at the date of this Prospectus) together with one (1) free attaching listed Option (**New Option**) for every two (2) Shares subscribed for and issued, exercisable at \$0.004 per New Option on or before the date which is two (2) years from the date of issue (**Offer**).

The Offer is partially underwritten by Canaccord Genuity (Australia) Limited (ABN 19 075 071 466) (AFSL 234666) (**Underwriter**) to the amount of \$500,000. Canaccord Genuity (Australia) Limited is also acting as Lead Manager to the Offer. Please refer to Section 8.4 for details of the terms of the Underwriting Agreement and the Lead Manager Mandate.

### **IMPORTANT NOTICE**

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

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

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1. **CORPORATE DIRECTORY**

**Directors**

Mathew Longworth  
Non-Executive *Chairman*

Jason Livingstone  
*Managing Director*

Justin Barton  
Chief Financial Officer and Executive  
Director

Andrew Daley  
*Non-Executive Director*

**Company Secretary**

Neil Hackett

**ASX Code**

MCT

**Registered Office**

Level 3, 30 Richardson Street  
WEST PERTH WA 6005

Telephone: +61 8 6500 0202

Email: [info@metalicity.com.au](mailto:info@metalicity.com.au)

Website: [www.metalicity.com.au](http://www.metalicity.com.au)

\*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

**Underwriter and Lead Manager**

Canaccord Genuity (Australia)  
Limited (ABN 19 075 071 466)  
(AFSL 234666)  
Level 4, 60 Collins Street  
MELBOURNE VIC 3000

**Share Registry\***

Link Market Services  
QV1 Building  
Level 12, 250 St Georges Terrace  
PERTH WA 6000

Telephone: 1300 554 474

Facsimile: +61 2 9287 0303

**Solicitors**

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

**Auditor**

Stantons International  
Level 2, 1 Walker Avenue  
WEST PERTH WA 6005

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**2. TIMETABLE**

Announcement of the Offer and lodgement of Appendix 3B with ASX	27 April 2020
Lodgement of Prospectus with the ASIC and ASX	27 April 2020
Ex date	30 April 2020
Record Date for determining Entitlements	1 May 2020
Prospectus and personalised Entitlement and Acceptance Forms sent out to Eligible Shareholders and Company announces despatch has been completed	6 May 2020
Last day to extend the Closing Date of the Offer	12 May 2020
Closing Date (Offer closes 5:00 pm WST)*	15 May 2020
Securities quoted on a deferred settlement basis	18 May 2020
Announcement of results of the Offer	20 May 2020
Issue date, Securities entered into Shareholders' security holdings and lodgement of Appendix 2A with ASX	22 May 2020
Quotation of Securities issued under the Offer*	25 May 2020

\*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.

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### 3. IMPORTANT NOTES

This Prospectus is dated 27 April 2020 and was lodged with the ASIC on that date. The ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

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

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

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

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form (as the case may be).

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus 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.

#### 3.1 Investment Advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation, or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Securities under this Prospectus.

#### 3.2 Risk factors

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

#### 3.3 Forward-looking statements

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

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

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

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

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

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7.

#### **3.4 Website**

No document or information included on the Company's website is incorporated by reference into this Prospectus.

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## 4. DETAILS OF THE OFFER

### 4.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of two (2) Shares for every three (3) Shares held by Shareholders registered at the Record Date at an issue price of \$0.002 per Share (together with one (1) free attaching New Option for every two (2) Shares subscribed for and issued). Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, (and assuming no existing Options are exercised or Performance Rights vest prior to the Record Date) a maximum of 483,491,810 Shares and 241,745,905 New Options will be issued pursuant to this Offer to raise up to \$966,984. No funds will be raised from the issue of the New Options.

As at the date of this Prospectus the Company has 115,007,476 Options on issue, all of which may be exercised prior to the Record Date in order to participate in the Offer. The Company also has 33,924,713 Performance Rights on issue however, these are only convertible to Shares upon certain vesting conditions being met. Please refer to Section 5.4 for information on the exercise price and expiry date of the Options on issue.

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

All of the New Options offered under this Prospectus will be issued on the terms and conditions set out in Section 6.2. The Company will apply for quotation of the New Options.

All Shares issued on conversion of the New Options will rank equally with the Shares on issue at the date of this Prospectus.

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

### 4.2 Minimum subscription

There is no minimum subscription.

### 4.3 Acceptance - What Eligible Shareholders may do

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Other than as set out in paragraph (c) below, 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.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
  - (i) complete the Entitlement and Acceptance Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, or arrange payment by

BPAY® for the amount indicated on the Entitlement and Acceptance Form; or

(iii) apply for the number of Securities you wish to accept online by visiting the MCT Offer website at "https://events.miraqle.com/MCT-Offer". You will need to provide your Security Reference Number/Holder Identification Number, registered full name and postcode to access the online application system and follow the instructions provided; or

(b) if you only wish to accept **part** of your Entitlement:

(i) fill in the number of Securities you wish to accept in the space provided on the Entitlement and Acceptance Form; and

(ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, or arrange payment by BPAY® for the appropriate Application Monies (at \$0.002 per Share); or

(iii) apply for the number of Securities you wish to accept online by visiting the MCT Offer website at "https://events.miraqle.com/MCT-Offer". You will need to provide your Security Reference Number/Holder Identification Number, registered full name and postcode to access the online application system and follow the instructions provided; or

(c) if you wish to apply for your **full** Entitlement and **apply for additional Shortfall Securities under the Shortfall Offer** (which will be issued at the sole discretion of the Underwriter (in consultation with the Board) and scaled back to the extent required):

(i) complete the Entitlement and Acceptance Form for the amount indicated on your Entitlement and Acceptance Form plus any additional Shortfall Securities you wish to apply for over and above your Entitlement in the space provided on the Entitlement and Acceptance Form. You will be deemed to have applied for that number of Shortfall Securities which in aggregate with your Entitlement is covered in full by your Application Monies. In order to participate in the Shortfall Offer, you must apply for your Entitlement in full; and

(ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, or arrange payment by BPAY® for the appropriate Application Monies (at \$0.002 per Share); or

(iii) apply for the number of Securities and Shortfall Securities you wish to accept online by visiting the MCT Offer website at "https://events.miraqle.com/MCT-Offer". You will need to provide your Security Reference Number/Holder Identification Number, registered full name and postcode to access the online Application system and follow the instructions provided. As stated in paragraph (c)(i) above, in order to participate in the Shortfall Offer, you must apply for your Entitlement in full; or

(d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

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

Please read the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form carefully.

#### **4.4 Implications of an acceptance**

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

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

#### **4.5 Payment**

##### **By cheque/bank draft**

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Metalicity Limited – Entitlement Issue Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00 pm (WST) on the Closing Date.

##### **Payment by BPAY®**

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

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form and the representations set out above in Section 4.4; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application Monies.

**It is your responsibility to ensure that your BPAY® payment 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.**

The Company will not be responsible for any delay in the receipt of a BPAY® payment.

In relation to a payment by BPAY®, please make sure that you use the specific Biller Code and unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form. If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the CRN specific to that shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same CRN for more than one of your shareholdings. This can result in your Application Monies being applied to your Entitlement in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be valid).

Any Application Monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any Application Monies received or refunded.

One (1) New Option will be issued for every two (2) Shares subscribed for and issued under the Offer.

#### **4.6 Underwriting and Lead Manager**

The Offer is partially underwritten by Canaccord to the Underwritten Amount (being 250,000,000 Shares and 125,000,000 New Options). Canaccord has also been appointed as Lead Manager to the Offer.

Please refer to Section 8.4 for details of the terms of the Underwriting Agreement and the Lead Manager Mandate.

#### **4.7 Effect on control of the Company**

As at the date of this Prospectus, the Underwriter does not hold a relevant interest in any of the Company's securities and accordingly, does not hold voting power in the Company. Shareholders should be aware that the extent to which Shares are issued pursuant to the Underwriting Agreement could result in the Underwriter acquiring a voting power in the Company. The Underwriter is not a related party of the Company for the purpose of the Corporations Act.

In addition to the above, Shareholders should be aware that the Underwriting Agreement allows the Underwriter to enter into sub-underwriting agreements to pass on some or all of its obligations to subscribe for the Shortfall under the Underwriting Agreement.

The Underwriter has confirmed to the Company it has entered into a number of sub-underwriting agreements up to the full Underwritten Amount. The Underwriter has confirmed that as at the date of this Prospectus no individual sub-underwriter:

- (a) has a total sub-underwriting commitment exceeding \$100,000 of the Underwritten Amount;
- (b) has a relevant interest in the Company's securities; or
- (c) is a related party of the Company.

In the event that there is a Shortfall, these sub-underwriting arrangements entered into by the Underwriter have the effect of decreasing the number of Shares to be

subscribed for by the Underwriter to nil, given these sub-underwriting commitments in aggregate cover the full Underwritten Amount.

For illustrative purposes, the Underwriter's present relevant interest and changes under several scenarios are set out in the table below:

Event	Shares held by Underwriter	Voting power of Underwriter (%) <sup>2</sup>
Date of Prospectus	Nil	Nil
<b>Completion of the Offer</b>		
Fully subscribed by Eligible Shareholders	Nil	Nil
75% subscribed by Eligible Shareholders	120,872,953	10.00%
50% subscribed by Eligible Shareholders	241,745,905	20.00%
25% subscribed by Eligible Shareholders	250,000,000	22.81%
0% subscribed by Eligible Shareholders	250,000,000	25.63%

**Notes:**

1. The voting power calculated does not account for any New Options, LM Tranche 1 Options or LM Tranche 2 Options issued to Canaccord which may be subsequently exercised by Canaccord and converted to Shares.

The above example scenarios show the potential effect of the partial underwriting of the Offer by the Underwriter. However, it is unlikely that no Eligible Shareholders will subscribe for their Entitlement under the Offer and as set out above, as the Underwriter has entered into sub-underwriting agreements to cover the full Underwritten Amount, the Underwriter's voting power is unlikely to change. In addition, the above example scenarios do not take into account any Shortfall that may be subsequently placed to Eligible Shareholders or third parties which would reduce the control impact.

The underwriting obligation and therefore potential voting power of the Underwriter and sub-underwriters will reduce by a corresponding amount to the extent of the Entitlements under the Offer taken up by Eligible Shareholders and any Shortfall placed to Eligible Shareholders and third parties. Any relevant interest acquired by the Underwriter or sub-underwriters will also be diluted if any Optionholders exercise and convert their Options to Shares or where Performance Rights vest.

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

The Underwriter, in consultation with the Directors, will ensure that the Offer complies with the provisions of Chapter 6 of the Corporations Act.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination which are set out in Section 8.4 under the summary of the Underwriting Agreement.

#### 4.8 Dilution

If all Entitlements are accepted by Eligible Shareholders to the full extent, then the Offer will not result in any change to the control of the Company. However, if all Entitlements are not accepted to the full extent, then the shareholding interest of non-participating Shareholders will be diluted.

Accordingly, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 60% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus). Examples of how the dilution may impact Shareholders (assuming no Options have been exercised or Performance Rights vest) is set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	10,000,000	1.38%	6,666,667	10,000,000	0.83%
Shareholder 2	5,000,000	0.69%	3,333,333	5,000,000	0.41%
Shareholder 3	1,500,000	0.21%	1,000,000	1,500,000	0.12%
Shareholder 4	400,000	0.06%	266,667	400,000	0.03%

**Notes:**

1. Assumes full subscription.
2. Based on a share capital structure of 725,237,715 Shares as at the date of this Prospectus.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

#### 4.9 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer will be \$0.002, being the price at which Shares have been offered under the Offer.

Eligible Shareholders who wish to subscribe for Securities above their Entitlement are invited to apply for Shortfall Securities under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form or by making payment for such Shortfall Securities in accordance with Sections 4.3 to 4.5 by no later than 5:00 pm (WST) on the Closing Date.

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

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

#### 4.10 ASX listing

Application for Official Quotation of the Securities offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Securities offered pursuant to this Prospectus before the expiration of 3 months

after the date of issue of the Prospectus, or such period as varied by the ASIC, the Company will not issue any Securities and will repay all Application Monies for the Securities within the time prescribed under the Corporations Act, without interest.

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

#### **4.11 Issue of Securities**

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

Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis. 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 of the Shortfall Offer.

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

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

#### **4.12 Overseas shareholders**

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

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

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this 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 or qualify the Securities the subject of this Prospectus or otherwise permit a public offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia and New Zealand.

##### **New Zealand**

The Securities are not being offered to the public within New Zealand other than to existing Shareholders with registered addresses in New Zealand to whom the offer of these Securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

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This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

***Nominees and custodians***

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

**4.13 Enquiries**

Any questions concerning the Offer should be directed to Neil Hackett, Company Secretary, on +61 8 6500 0202.

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## 5. PURPOSE AND EFFECT OF THE OFFER

### 5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$966,984. No funds will be raised from the issue of the New Options.

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

Item	Proceeds of the Offer	Underwritten Amount <sup>3</sup> (\$)	%	Full Subscription (\$)	%
1.	Drilling and development at Kookynie and Yundamindra Gold Projects	\$300,000	60.00	\$555,000	57.39
2.	Geophysical Survey at The Kookynie Gold Project	\$40,000	8.00	\$40,000	4.14
3.	Tenement Acquisitions <sup>1</sup>	-	0.00	\$135,000	13.96
4.	Expenses of the Offer <sup>2</sup>	\$70,000	14.00	\$113,823	11.77
5.	Working capital	\$90,000	18.00	\$123,161	12.74
	<b>Total</b>	<b>\$500,000</b>	<b>100</b>	<b>\$966,984</b>	<b>100</b>

#### Notes:

1. As the Company has announced as part of its strategy to develop the Kookynie and Yundamindra gold projects, the Company continues to explore opportunities to further expand its footprint within the area of these projects and acquire additional tenure. The Board considers this is a concurrent step to development and exploration of the Kookynie and Yundamindra gold projects.
2. Refer to Section 8.8 for further details relating to the estimated expenses of the Offer. This amount includes fees payable to Canaccord, as part consideration for Canaccord providing Lead Manager and Underwriter services to the Company.
3. The Offer is partially underwritten to the Underwritten Amount. Refer to Section 8.4 for details of the terms of the Underwriting Agreement.

In the event the Company raises less than the full subscription of \$966,984, then apart from any reduction in the expenses of the Offer payable by the Company, funds to be applied towards each other item will be scaled back in the following order:

1. firstly, tenement acquisitions;
2. secondly, drilling and development activities on the Kookynie and Yundamindra Gold Projects; and
3. lastly, working capital.

It should be noted that the Company's budgets will be subject to modification on an ongoing basis depending on the results obtained from its ongoing business activities and operations.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) 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.

## 5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised or Performance Rights vest prior to the Record Date, will be to:

- (a) increase the cash reserves by \$853,161 (after deducting the estimated expenses of the Offer set out in Section 8.8) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 725,237,715 as at the date of this Prospectus to 1,208,729,525 Shares following completion of the Offer; and
- (c) increase the number of Options on issue from 115,007,476 as at the date of this Prospectus to 406,753,381 Options (including the 25,000,000 LM Tranche 1 Options and the 25,000,000 LM Tranche 2 Options to be issued to Canaccord) following completion of the Offer.

## 5.3 Pro-forma balance sheet

The auditor reviewed balance sheet as at 31 December 2019 and the unaudited pro-forma balance sheet as at 31 December 2019 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted and no Options are exercised or Performance Rights vest prior to the Record Date and including expenses of the Offer.

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

	AUDITOR REVIEWED 31 December 2019	PROFORMA 31 December 2019
<b>CURRENT ASSETS</b>		
Cash <sup>1</sup>	\$220,384	\$1,088,545
Other current assets	\$1,718,821	\$1,718,821
<b>TOTAL CURRENT ASSETS</b>	<b>\$1,939,205</b>	<b>\$2,807,366</b>
<b>NON-CURRENT ASSETS</b>		
Exploration	\$741,086	\$741,086
Other non-current assets	\$85,832	\$85,832

	AUDITOR REVIEWED 31 December 2019	PROFORMA 31 December 2019
<b>TOTAL NON-CURRENT ASSETS</b>	<b>\$826,918</b>	<b>\$826,918</b>
<b>TOTAL ASSETS</b>	<b>\$2,766,123</b>	<b>\$3,634,284</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	\$226,250	\$226,250
Other liabilities	\$60,894	\$60,894
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$287,144</b>	<b>\$287,144</b>
<b>NON-CURRENT LIABILITIES</b>		
Other liabilities	\$56,215	\$56,215
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>\$56,215</b>	<b>\$56,215</b>
<b>TOTAL LIABILITIES</b>	<b>\$343,358</b>	<b>\$343,358</b>
<b>NET ASSETS (LIABILITIES)</b>	<b>\$2,422,764</b>	<b>\$3,290,926</b>
<b>EQUITY</b>		
Parent		
Issued Capital	\$47,537,030	\$48,405,192
Other Reserves	\$4,110,691	\$4,110,691
Accumulated Losses	(\$49,486,105)	(\$49,486,105)
Minority interest	\$261,148	\$261,148
<b>TOTAL EQUITY</b>	<b>\$2,422,764</b>	<b>\$3,290,926</b>

**Notes:**

- Assumes full subscription. Refer to Section 8.8 of this Prospectus for further details relating to the estimated expenses of the Offer.

**5.4 Effect on capital structure**

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised or Performance Rights vest prior to the Record Date, is set out below.

**Shares**

	Number
Shares currently on issue	725,237,715
Shares offered pursuant to the Offer <sup>1</sup>	483,491,810

<b>Total Shares on issue after completion of the Offer</b>	<b>1,208,729,525</b>
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**Notes:**

1. This number may vary due to rounding of Entitlements and may increase as a result of the rounding up of Shares offered under the Offer.

**Options**

	<b>Number</b>
Options currently on issue (unquoted):	
exercisable at \$0.025 on or before 23 July 2020	4,500,000
exercisable at \$0.03 on or before 23 July 2020	4,500,000
exercisable at \$0.04 on or before 23 July 2020	6,500,000
exercisable at \$0.03 on or before 10 December 2020	3,150,000
exercisable at \$0.04 on or before 10 December 2020	4,550,000
exercisable at \$0.05 on or before 10 December 2020	4,550,000
exercisable at \$0.06 on or before 26 August 2021	2,500,000
exercisable at \$0.08 on or before 26 August 2021	2,500,000
exercisable at \$0.10 on or before 26 August 2021	2,500,000
exercisable at \$0.025 on or before 14 January 2022	2,000,000
exercisable at \$0.035 on or before 14 January 2022	2,000,000
exercisable at \$0.02 on or before 31 May 2022	11,257,144
exercisable at \$0.08 on or before 18 August 2020	12,766,670
exercisable at \$0.08 on or before 14 February 2023	25,709,467
exercisable at \$0.06 on or before 12 March 2021	3,000,000
exercisable at \$0.08 on or before 12 March 2021	3,000,000
exercisable at \$0.015 on or before 9 September 2020	3,993,333
exercisable at \$0.015 on or before 4 October 2020	6,768,765
exercisable at \$0.015 on or before 18 October 2020	8,995,430
exercisable at \$0.015 on or before 18 October 2020	266,667
<b>Total Options on issue as at the date of this Prospectus</b>	<b>115,007,476</b>
New Options offered pursuant to the Offer <sup>1</sup>	241,745,905
LM Tranche 1 Options to be issued to Canaccord <sup>2</sup>	25,000,000
LM Tranche 2 Options to be issued to Canaccord <sup>2</sup>	25,000,000
<b>Total Options on issue after completion of the Offer<sup>3</sup></b>	<b>406,753,381</b>

**Notes:**

1. This number may vary due to rounding of Entitlements and may increase as a result of the rounding up of Shares offered under the Offer.
2. The Company has agreed to issue Canaccord 25,000,000 LM Tranche 1 Options and 25,000,000 LM Tranche 2 Options as part consideration for Canaccord providing Lead Manager and Underwriter services to the Company. In consideration for receiving the LM Tranche 1 Options and the LM Tranche 2 Options, Canaccord is also to pay the Company a total of \$50. Please refer to Section 8.4 for further details in relation to the issue of the LM Tranche 1 Options and the LM Tranche 2 Options.
3. The Company has agreed to issue sub-underwriters the SU Commitment Options to incentivise sub-underwriters to sub-underwrite any Shortfall Securities up to the Underwritten Amount in the event there is a Shortfall. The SU Commitment Options are to be issued on the same terms and conditions as the New Options on the basis of one (1) SU Commitment Option for every four (4) Shares subscribed for or placed by the respective sub-underwriter. As the above table has been prepared assuming that all

Entitlements are accepted, no SU Commitment Options have been accounted for in the calculation of the total Options to be on issue following completion of the Offer. The number of SU Commitment Options to be issued (if any) will vary depending on the actual amount of the Shortfall Securities subscribed for or placed by sub-underwriters up to the Underwritten Amount in the event there is a Shortfall. However, the maximum number of SU Commitment Options that would need to be issued would be 62,500,000. Please refer to Section 8.4 for further details in relation to the issue of the SU Commitment Options.

## Performance Rights

	Number
Performance Rights currently on issue:	
vesting at \$0.06 expiring on 15 March 2021	2,274,713
vesting at \$0.025 expiring on 30 January 2023	16,000,000
vesting at \$0.05 expiring on 30 January 2023	15,650,000
Performance Rights offered pursuant to the Offer	Nil
<b>Total Performance Rights on issue after completion of the Offer</b>	<b>33,924,713</b>

The capital structure on a fully diluted basis as at the date of this Prospectus would be 874,169,904 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised or Performance Rights vest prior to the Record Date) would be 1,649,407,619 Shares.

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

### 5.5 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, no person (together with their associates) has a relevant interest in 5% or more of the Shares on issue.

In the event all Entitlements are accepted no person will become a substantial holder of the Company on completion of the Offer.

### 5.6 Future issues of Shares post-completion of the Offer

Shareholders should note the Company's ASX Announcement released on 24 March 2020 in relation to Board remuneration and executive salaries. As set out in the ASX announcement, in order to preserve the Company's cash position until general market conditions improve members of the Board have agreed to convert certain accrued fees and salaries into Shares, subject to obtaining shareholder approval at a general meeting of shareholders. As at the date of this Prospectus, the total aggregate amount in accrued fees and salaries payable to Directors is \$44,137. The total number of Shares proposed to be issued to the Directors on conversion of any accrued fees and salaries will depend on the total accrued fees and salaries payable at the relevant time and proposed to be converted and the conversion mechanism determined. The Company confirms that there is no intention to convene a general meeting of shareholders as at the date of this Prospectus to seek approval for any proposed conversion of accrued fees and salaries.

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## 6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

### 6.1 Shares

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

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

#### (a) **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 of the Company.

#### (b) **Voting rights**

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

- (i) 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 each Share held, 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 preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of

the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

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

(f) **Transfer of shares**

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

(g) **Future increase in capital**

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

(h) **Variation of rights**

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

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

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

## 6.2 New Options

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.004 (**Exercise Price**).

(c) **Expiry Date**

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

(d) **Exercise Period**

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

(e) **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.

(f) **Exercise Date**

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

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

Within 15 Business Days after the Exercise Date, the Company will:

- (i) 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;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for Official Quotation on ASX of Shares issued pursuant to the exercise of the Options.

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

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

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

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the 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.

(k) **Change in exercise price**

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.

(l) **Transferability**

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

**6.3 LM Tranche 1 Options**

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be equal to a 50% premium on the issue price of \$0.002 per Share under the Offer, being \$0.003 (the **Exercise Price**).

(c) **Expiry Date**

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

(d) **Exercise Period**

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

(e) **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.

(f) **Exercise Date**

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

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

Within 15 Business Days after the Exercise Date, the Company will:

- (i) 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;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things

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

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

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

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

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

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the 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.

(k) **Change in exercise price**

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.

(l) **Transferability**

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

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## 7. RISK FACTORS

### 7.1 Introduction

The Securities 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 Securities 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 Securities.

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

### 7.2 Company specific

#### (a) Coronavirus (COVID-19)

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 Company's Share price 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 COVID-19 pandemic may also give rise to issues, delays or restrictions in relation to land access and the Company's ability to freely move people and equipment to and from exploration projects may cause delays or cost increases. The effects of COVID -19 on the Company's Share price and global financial markets generally may also affect the Company's ability to raise equity or debt or require the Company to issue capital at a discount, which may in turn cause dilution to Shareholders.

The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. In compliance with its continuous disclosure obligations, the Company will continue to update the market in regard to the impact of COVID-19 on potential revenue channels and any adverse impact on the Company and its operations. If any of these impacts appear material prior to close of the Offer, the Company will notify investors under a supplementary prospectus.

#### (b) Going concern risk

The Company's half-year report for the half-year ended 31 December 2019 (**Half-Year Report**) includes a note on the financial condition of the Company and the existence of a material uncertainty about the Company's ability to continue as a going concern as set out below:

*"At 31 December 2019, the company had net assets of \$2,422,764, cash and cash equivalents of \$220,384 and net working capital surplus of \$1,652,061. The company had incurred a loss for the period ended 31 December 2019 of \$1,040,347.*

*The ability of the company to continue as a going concern and meet its administration and other commitments is dependent upon the company raising further working capital and/or commencing profitable operations. In the event the company is unable to raise further working capital and/or commence profitable operations, the company may not be able to meet its liabilities as they fall due, or realise its assets and their stated values."*

Notwithstanding the above, the Directors stated in the Half-Year Report that:

*"The directors have reviewed the business outlook and cash flow forecasts and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will continue to raise further funds through the disposal of non-core assets and capital raisings and will meet its expenditure commitments as required."*

(c) **Potential for significant dilution**

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised or Performance Rights vest prior to the Record Date, the number of Shares in the Company will increase from 725,237,715 currently on issue to 1,208,729,525. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to this Prospectus being lodged of \$0.004 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

(d) **Exploration, development, mining and processing risks**

The tenements of the Company are at various stages of exploration, and potential investors should understand that exploration and developments are high-risk undertakings.

There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic deposit. Even if an apparently viable deposit 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, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the tenements, a reduction in the base reserves of the Company and possible relinquishment of the tenements.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

**(e) Tenement applications and license renewal**

The Company cannot guarantee additional applications for tenements made by the Company will ultimately be granted, in whole or in part. Further the Company cannot guarantee that renewals of valid tenements will be granted on a timely basis, or at all. The Company has yet to receive regulatory and environmental approval to convert its exploration licences into production concessions. There is a risk that these approvals may not be obtained.

**(f) Additional Requirements for Capital**

The capital requirements of the Company depend on a number of factors. Depending on the ability of the Company to generate income from its operations, the Company may require additional financing in the future. 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. It is likely that the Company will need to raise additional funds in the near future, which may be dilutive to Shareholders depending on the terms of the capital raising.

**(g) Mine development**

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

If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended

interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects and treatment of ore.

**(h) Insurance risks**

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

**(i) Kimberley Mining Limited**

The Company is the largest shareholder in Canadian company Kimberley Mining Limited (**KML**) (with an approximate 80.3% interest). KML holds the Admiral Bay Zinc Project and incidental zinc assets.

KML's strategy had been to list on the TSXV. However, KML decided to not pursue the TSXV initial public offering due to poor market conditions. With the Company's assistance, KML has reduced all its costs and the project is on "care and maintenance".

The main Exploration License (E04/1610) was granted a two-year extension in September 2019. The Company is now actively exploring opportunities to monetise this asset.

The Company will keep the market updated of any developments through its efforts to monetise this asset in accordance with its continuous disclosure obligations.

The Company would be affected by a poor commercial outcome, divestment of projects held by KML or a decrease in value of KML.

**(j) Office of State Revenue**

The Company has been negotiating the amount of duty payable to the Office of State Revenue (**OSR**) incurred as a result of a difference in valuation of the dutiable property. The Company incurred, and paid, stamp duty totalling \$581,015 to the OSR on the acquisition of the Admiral Bay Project. This duty amount was based on a valuation of \$11.4 million. Subsequent to the payment of the duty, the OSR communicated to the Company that a compromise assessment be issued, and that duty of the transaction be assessed in the amount of \$695,715 (based on a dutiable value of \$13.4 million plus costs), being a difference of approximately \$114,000. These discussions remain ongoing. There is a risk that a higher amount may be required by the OSR should potential penalties be applied. If this were to occur, it would represent a significant cost for the Company.

### 7.3 Mining industry specific

#### (a) Commodity Price Volatility and Exchange Rate Risks

The revenue the Company will derive through the sale of commodities 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 various commodities, 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.

#### (b) Resource Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

#### (c) Tenure and access

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved.

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

#### (d) Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; continued availability of port storage and ship loading facilities which may be impacted due to capacity constraints; and

unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

**(e) Failure to satisfy Expenditure Commitments**

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

**(f) Government policy changes**

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

**(g) Regulatory Risks**

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

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

**(h) Aboriginal Heritage sites**

Tenements are granted subject to a condition requiring observance of the *Aboriginal Heritage Act 1972 (WA)* (**WA Heritage Act**). The WA Heritage Act makes it an offence to alter or damage sacred ritual or ceremonial Aboriginal sites and areas of significance to Aboriginal

persons. The Minister's consent is required where any use of land is likely to result in the excavation, alteration or damage to an Aboriginal site or any objects on or under that site.

The existence of Aboriginal heritage sites within the Company's projects may lead to restrictions on the areas that the Company will be able to explore and mine.

**(i) Native Title**

In relation to tenements which the Company has an interest in or may in the future acquire an interest in, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

**(j) Equipment and availability**

The Company's ability to undertake mining and exploration activities is dependent upon its ability to source and acquire appropriate mining equipment. Equipment is not always available and the market for mining equipment experiences fluctuations in supply and demand. If the Company is unable to source appropriate equipment economically or at all then this would have a material adverse effect on the Company's financial and/or trading position.

**(k) Environmental**

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

(l) **Mineral Resources Estimates**

Mineral resource estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available.

The actual quality and characteristics of mineral deposits cannot be known until mining takes place and will almost always differ from the assumptions used to develop mineral resources. Consequently, the actual mineral resources may differ from those estimated, which may result in either a positive or negative effect on operations.

Should the Company's projects encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, mineral resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

**7.4 General risks**

(a) **Competition Risk**

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

(b) **Economic**

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

(c) **Market conditions**

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

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and

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- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

In addition, the extent of the effects of COVID-19 is at this stage uncertain and continuing to evolve. The COVID-19 pandemic is having, and is expected to continue to have, a significant influence on the volatility of equity markets generally and may continue to impact and influence the value of the Company's quoted securities.

(d) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. 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 its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(e) **Dividends**

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

(f) **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.

(g) **Reliance on key personnel**

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

## 7.5 Speculative 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 to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

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

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## **8. ADDITIONAL INFORMATION**

### **8.1 Litigation**

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

### **8.2 Continuous disclosure obligations**

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

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

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

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

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

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

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

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

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

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

Date	Description of Announcement
22 April 2020	Trading Halt
24 March 2020	Company Update
16 March 2020	Half Year Accounts
12 March 2020	Kookynie Gold Exploration Target
14 February 2020	Change of Director's Interest Notice
14 February 2020	Change of Director's Interest Notice
14 February 2020	Cleanse Statement
14 February 2020	Proposed Issue of Securities - MCT
12 February 2020	Metalicity and Nex Metals Corporate Discussions
10 February 2020	Sale of Lithium Royalty
31 January 2020	Quarterly Activities Report
31 January 2020	Quarterly Cashflow Report
21 January 2020	Kookynie Gold Drill Hole Intercepts
19 December 2019	Kookynie Gold Project Drilling Update
28 November 2019	Managing Director Contract Update
27 November 2019	NME: Kookynie Drilling Campaign by Metalicity
27 November 2019	Kookynie Gold Drilling Campaign to Begin
25 November 2019	Results of Meeting
21 November 2019	Kimberley Mining Update
7 November 2019	New Gold Tenements Pegged in Kookynie Area
30 October 2019	Change of Directors Interest Notice
30 October 2019	Quarterly Cashflow Report
30 October 2019	Quarterly Activities Report
25 October 2019	Replacement Appendix 3B
25 October 2019	Notice of Annual General Meeting/Proxy Form

Date	Description of Announcement
18 October 2019	Cleansing Statement
18 October 2019	Appendix 3B
18 October 2019	Close of Entitlement Offer and Subscriptions
16 October 2019	Brisbane Resources Round Up Investor Presentation
11 October 2019	Commences Next Phase of Drill Planning at Kookynie Project
7 October 2019	Cleansing Statement
7 October 2019	Appendix 3B
4 October 2019	Placement to Sophisticated Investor
2 October 2019	Additional Gold Mineralisation Confirmed at Kookynie

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

The announcements are also available through the Company's website [www.metalicity.com.au](http://www.metalicity.com.au).

### 8.3 Market price of shares

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

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

	Price	Date
<b>Highest</b>	\$0.005	24 February 2020
<b>Lowest</b>	\$0.002	23 March 2020
<b>Last</b>	\$0.004	20 April 2020

### 8.4 Underwriting Agreement and Lead Manager Mandate

#### Lead Manager Mandate

The Company has entered into a lead manager mandate with Canaccord, the Lead Manager, dated 20 April 2020 pursuant to which Canaccord has been appointed to act as Lead Manager to the Offer (**Lead Manager Mandate**).

#### (a) Engagement

The engagement of the Lead Manager is for an initial term of 30 days and may be extended upon the mutual agreement of both the Company and Canaccord.

#### (b) Underwriting and Sub-Underwriting

The engagement provides that Canaccord may underwrite the Offer, subject to the formal Underwriting Agreement being executed as summarised below.

Canaccord may appoint sub-underwriters to sub-underwrite the Offer. The appointment of any sub-underwriter and the allocation of any Shortfall Securities is at the sole discretion of Canaccord.

The Company has agreed to issue any sub-underwriters the SU Commitment Options to incentivise sub-underwriters to sub-underwrite the Shortfall Offer up to the Underwritten Amount. The SU Commitment Options are to be issued on the same terms and conditions as the New Options on the basis of one (1) SU Commitment Option for every four (4) Shares subscribed for or placed by the respective sub-underwriter.

If an underwriting is undertaken, to the extent that there is a Shortfall, Canaccord may (but without obligation to do so) subscribe on its own account for Shortfall Securities.

**(c) Fees**

The Company has agreed to:

**(i) Corporate Advisory Fee**

Pay Canaccord a corporate advisory fee of \$15,000 plus GST.

**(ii) Capital Raising Fee**

Pay Canaccord a capital raising fee of 4% plus GST of the gross amount raised.

**(iii) Management Fee**

Pay Canaccord a management fee of 2% plus GST of the gross amount raised.

**(iv) Option Fee**

In the event the Offer is successfully completed, be deemed to have agreed to issue two tranches of Options (**Option Fee**) as follows:

- (A) LM Tranche 1 Options – 25,000,000 Options at an exercise price equal to a 50% premium to the issue price under the Offer (\$0.002 per Share), expiring 2 years after issue;
- (B) LM Tranche 2 Options – 25,000,000 Options at an exercise price equal to a 100% premium to the issue price under the Offer (\$0.002 per Share), expiring 2 years after issue.

In consideration for receiving the Option Fee, Canaccord will pay the Company \$50.

Any services to be performed by the Lead Manager in addition to those set out in the Lead Manager Mandate will be subject to a separate engagement and the fees for such services will be negotiated separately

in good faith and will be consistent with fees paid to lead managers for similar services in Australia.

**(d) Reimbursement of Expenses**

The Company agrees to reimburse the Lead Manager for all reasonable out-of-pocket expenses (including any applicable GST) incurred by the Lead Manager in connection with the Lead Manager Mandate and the Offer. The Lead Manager is to obtain the written consent of the Company, which consent must not be unreasonably withheld, prior to incurring any individual expense (excluding legal fees) greater than \$2,000.

**(e) Opportunity to Conduct Additional Engagements**

In the event that during the period of 12 months starting on the earlier of the completion of the Offer and the termination of the engagement by the Company, the Company undertakes any equity or hybrid capital raising (**Subsequent Offer**), the Company agrees to offer the Lead Manager the opportunity to act as sole and exclusive lead manager and bookrunner to the Subsequent Offer and will pay the Lead Manager a fee to be agreed between the Company and the Lead Manager (such agreement not to be unreasonably withheld).

The Company must not engage with any other party to manage that capital raising, unless the Lead Manager has already been offered, and has declined, the opportunity to manage that capital raising.

**(f) Termination**

- (i) The engagement may be terminated at any time by Canaccord by giving notice in writing to the Company.
- (ii) The Company may terminate the engagement at any time where Canaccord has materially breached the engagement. However, such termination will not be effective unless:
  - (A) the Company has given Canaccord notice in writing setting out the reasons why Canaccord has materially breach the engagement; and
  - (B) Canaccord has not remedied the breach within 14 days of such notice.
- (iii) If any fee is accrued and owing to Canaccord on termination, or accrues after termination, the Company must pay the fee within 14 days of termination or the date of accrual, as the case may be, together with any costs and expenses incurred by Canaccord.
- (iv) In the event of termination, provisions of the Lead Manager Mandate that are capable of having effect after termination (including those relating to the payment of fees, the reimbursement of expenses and indemnification) will survive termination and any rights accrued by a party prior to the date of termination will continue notwithstanding termination.

The Lead Manager Mandate contains indemnities, representations and warranties by the Company to Canaccord and other terms and conditions considered standard for an agreement of this nature.

### **Underwriting Agreement**

The Company has entered into an underwriting agreement with Canaccord, the Underwriter, dated 27 April 2020 pursuant to which Canaccord has been appointed to act as Underwriter and Lead Manager to the Offer (**Underwriting Agreement**).

#### **(a) Agreement to underwrite**

The Underwriter has agreed to partially underwrite the Offer for 250,000,000 Shares and 125,000,000 New Options (**Underwritten Securities**), being to the Underwritten Amount.

#### **(b) Sub-underwriting**

The Underwriter may at its cost, appoint one or more sub-underwriters to sub-underwrite the Offer in consultation with the Company including, without limitation, to subscribe, bid, apply for, or nominate allottees of, any of the Shortfall Securities in its absolute discretion.

#### **(c) Co-lead managers, Co-managers and brokers**

The Underwriter may appoint co-lead managers, co-managers and brokers to the Offer, at the Underwriter' cost, in consultation with the Company.

#### **(d) Fees**

The fees to be received by Canaccord as set out above under the summary of the Lead Manager Mandate will also be received by the Underwriter in consideration for services provided by the Underwriter under the Underwriting Agreement. For clarity, these fees are not a duplicate.

The Company agrees to reimburse the Underwriter for all costs, expenses and disbursements (including any applicable GST) reasonably incurred by the Underwriter in relation to the Offer and the Underwriting Agreement. The Underwriter is to obtain the written consent of the Company, which consent must not be unreasonably withheld, prior to incurring any individual cost, expense or disbursement (excluding legal fees) greater than \$2,000.

All sub-underwriting, co-lead manager, co-manager and broker fees, charges and commissions will be paid by the Underwriter.

#### **(e) Termination**

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement (without cost or liability to it) if:

- (i) (**Certificate**) a certificate which is required to be furnished by the Company under the Underwriting Agreement is not furnished by

the time specified or any statement in a certificate is untrue, inaccurate, incomplete or misleading or deceptive in any material respect; or

- (ii) **(General market fall)** the S&P/ASX Small Ordinaries Index is at any time from and including the date of the Underwriting Agreement and prior to the close of trading of Shares on the ASX on the agreed settlement date lower than 92.5% of the level of that index as at the close of normal trading on ASX on either the Business Day immediately preceding the date of the Underwriting Agreement or the date of the Underwriting Agreement;
- (iii) **(Share price)** the Shares of the Company that trade on the ASX under the ASX code "MCT" close on any day less than the offer price (being \$0.002);
- (iv) **(ASIC action)** either:
  - (A) an application is made by ASIC for an order under Part 9.5 in relation to the Offer or the offer documents;
  - (B) ASIC issues or threatens to issue proceedings in relation to the Offer, or commences any hearing, inquiry or investigation in relation to the Offer; or
  - (C) ASIC commences or gives notice of an intention to commence a prosecution of the Company or investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Offer or the offer documents;
- (v) **(Regulatory action)** any regulatory body withdraws, revokes or amends any regulatory approval as set out in the Underwriting Agreement that is necessary to implement the Offer in accordance with the Underwriting Agreement or there is an application to a government agency for an order, declaration or other remedy, or a government agency commences any investigation or hearing or announces its intention to do so, in each case in connection with the Offer (or any part of it) or any agreement entered into in respect of the Offer (or any part of it);
- (vi) **(ASX approval)** ASX makes an official statement to any person, or indicates to the Company or the Underwriter (whether or not by official statement) that:
  - (A) official quotation of all of the Securities subject of the Offer will not be granted by ASX or will be granted subject to conditions that are not acceptable to the Underwriter or such approvals will not be given by the agreed trading date (or such later date agreed in writing by the Underwriter in its absolute discretion) or is withdrawn, qualified or withheld on or before the agreed trading date;
  - (B) any Shares of the Company will be suspended from quotation by the ASX; or

(C) the Company will be removed from the official list of the ASX,

or any of the matters, events or things referred to in this paragraph (f)(vi) occur;

- (vii) **\*(New circumstances)** a new circumstance that would be adverse from the point of view of an investor arises that would have been required to be disclosed in the offer documents had it arisen before the offer documents were lodged with ASX;
- (viii) **(Securityholder approval)** the Company is or becomes required to obtain the approval of any class of security holder pursuant to the ASX Listing Rules, the Corporations Act or any other applicable law in order to issue the Securities subject of the Offer;
- (ix) **\*(Disclosures in issuer information)** any information made public to ASX pursuant to the continuous disclosure obligations of the Company or otherwise, or provided to one or more investors (either individually or generally) by or on behalf of the Company includes:
- (A) a statement which is or becomes misleading or deceptive or likely to mislead or deceive; or
  - (B) any forecasts, expressions of opinion, intention or expectation which are not based on reasonable grounds;
- (x) **(Offer Documents to comply)** the offer documents or any aspect of the Offer does not comply with the Corporations Act, ASX Listing Rules or any other applicable law including due to:
- (A) a statement in the offer documents which is or becomes misleading or deceptive or likely to mislead or deceive, or omit any information that is required (including, without limitation, having regard to sections 708AA and 708A of the Corporations Act); or
  - (B) any forecasts, expressions of opinion, intention or expectation which are not based on reasonable grounds;
- (xi) **(Capital structure)** there is an alteration to the Company's capital structure or Constitution, without the prior consent of the Underwriter or as otherwise provided in the Underwriting Agreement, or a breach of the Constitution occurs;
- (xii) **(Correction notice)** the Company becomes required to give or gives a correcting notice under subsection 708AA(10) or 708A(9) of the Corporations Act;
- (xiii) **(Compliance with regulatory requirements)** the Company commits a material breach of the Corporations Act, ASX Listing Rules, the Constitution, or other applicable laws, or has failed to comply with its continuous disclosure obligations or its Constitution;

- (xiv) **(Offences by directors)** any of the following occurs:
- (A) a director or officer (as that term is defined in the Corporations Act) of the Company is charged with an indictable offence;
  - (B) any administrative, regulatory, self-regulating body, court or other judicial body commences any public action against any such person in their capacity as such in relation to any fraudulent conduct or activity whether or not in connection with the Offer or the Company engages in fraudulent activity; or
  - (C) any director of the Company is disqualified from managing a corporation under the Corporations Act;
- (xv) **(Withdrawal)** the Company withdraws the Offer, or it does not proceed in accordance with the Underwriting Agreement;
- (xvi) **(Insolvency)** any member of the Company and its related bodies corporate is subject of an insolvency event or there is an act or omission which is reasonably likely to result in any member of the Company and its related bodies corporate becoming subject of an insolvency event;
- (xvii) **(Material adverse change)** any material adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company, or the Company and its related bodies corporate, including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company and its related bodies corporate from those respectively disclosed in the ASX materials (including, without limitation, the ASX announcement of the Offer and related information, the Appendix 3B and any announcement or material accompanying them given to ASX by the Company in respect of the Offer) or any adverse information arises or is released to ASX after the date of the Underwriting Agreement that can reasonably be expected to have a material adverse effect on the market price of the Shares;
- (xviii) **(Timetable)** any event specified in the timetable agreed in the Underwriting Agreement (as may be varied) is delayed for 2 or more Business Days without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed);
- (xix) **\*(Disclosures)** any due diligence questionnaire, the report of the due diligence committee (formed by the Company in connection with the Offer) or any other information supplied by or on behalf of the Company to the Underwriter in relation to the Company and its related bodies corporate, the Offer or the offer documents is or becomes misleading or deceptive, including by way of omission;
- (xx) **\*(Market or trading disruption):** there is
- (A) a suspension or material limitation in trading in securities on ASX, the New York Stock Exchange, NASDAQ, the

London Stock Exchange or the Hong Kong Stock Exchange or any adverse change or disruption to the existing financial markets, political or economic conditions of Australia, Japan, Hong Kong, the Republic of China, the United Kingdom, the United States of America, a member state of the European Union or the international financial markets; or

- (B) a general moratorium on commercial banking activities is declared by the relevant central banking authority in any of those countries;
- (xxi) **\*(Change in law)** there is introduced into the Parliament of Australia or any State of Australia, a law or prospective law, or any new regulation is made under any statute, or a government agency adopts a policy, or there is any announcement that such a law, prospective law or regulation may be introduced or policy may be adopted (except where such law is announced or generally known to the market prior to the date of the Underwriting Agreement), any of which does or is likely to prohibit or restrict the Offer;
- (xxii) **\*(Hostilities)** hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of the United States, Australia, New Zealand, the United Kingdom, France, Germany, Russia, North Korea, South Korea, China, Japan or a member state of the European Union or the declaration by any of these countries of a national emergency or war or a major terrorist act is perpetrated in any of these countries;
- (xxiii) **\*(Misrepresentation)** a representation, warranty or undertaking made or given by the Company under the Underwriting Agreement proves to be or becomes, untrue or incorrect;
- (xxiv) **\*(Breach)** the Company fails to perform or observe any of its obligations or breaches any term or condition under the Underwriting Agreement;
- (xxv) **\*(Legal proceedings)** legal proceedings against the Company or any of its related bodies corporate or against any director of the Company or any of its related bodies corporate in that capacity is commenced or any regulatory body commences any enquiry or public action against the Company or any of its related bodies corporate;
- (xxvi) **\*(Licences)** any intellectual property right, licence, permit, authorisation or consent held by the Company or any of its related bodies corporate that is necessary to conduct its business is revoked, withdrawn, rescinded, breached, terminated, altered or amended (other than with the consent of the Underwriter);
- (xxvii) **\*(Change in management)** a change in the senior management of the Company or in the board of directors of the Company is announced or occurs, other than one which has already been disclosed to ASX before the date of the Underwriting Agreement;

- (xxviii) **(Force majeure)** there is an event or occurrence, including any statute, order, rule, regulation, directive or request compliance with which is in accordance with the general practice of persons to whom the request is addressed of any governmental agency which makes it illegal for the Underwriter to satisfy an obligation under the Underwriting Agreement, or to market or promote the Offer or subscribe for Shortfall Securities; or
- (xxix) **\*(Unauthorised public statements)** the Company issues a public statement concerning the Offer which has not been approved by the Underwriter in breach of the Underwriting Agreement.

No event specified in any paragraph above marked with an asterisk (\*) will entitle the Underwriter to exercise its rights to terminate its obligations under the Underwriting Agreement unless, in the reasonable opinion of the Underwriter the event:

- (i) has, or is likely to have, or will have once disclosed to the market, a material adverse effect on the Offer, the willingness of persons to subscribe for the Securities subject of the Offer, the price at which securities are traded on the ASX, the settlement of the Securities subject of the Offer to be issued, the ability of the Company to issue the Securities subject of the Offer at the applicable issue price, the ability of securities to be traded on ASX, or acceptance by the Underwriter of applications for securities under the Offer;
- (ii) would, or would be likely to, give rise to a liability to the Underwriter in connection with the Offer in any capacity under any applicable law; or
- (iii) has given rise to or is likely to give rise to a contravention by the Underwriter of, or the Underwriter being involved in a contravention of, the Constitution, the Corporations Act, ASX Listing Rules or any other applicable law.

The Underwriting Agreement contains indemnities, representations and warranties and undertakings by the Company to Canaccord and other terms and conditions considered standard for an agreement of this nature.

## 8.5 Interests of Directors

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

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

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

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

### Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options	Perf. Rights	Entitlement	\$
Mathew Longworth <sup>1</sup>	792,709	10,231,708	-	528,473	\$1,056.95
Jason Livingstone <sup>2</sup>	1,333,333	4,266,667	20,000,000	888,889	\$1,777.78
Justin Barton <sup>3</sup>	972,223	38,889	10,650,000	648,149	\$1,296.30
Andrew Daley <sup>4</sup>	4,597,566	12,933,902	-	3,065,044	\$6,130.09

### Notes:

1. Mr Longworth's relevant interest in securities comprises an indirect interest (held by Matt Mining Pty Ltd <The Longworth Super Fund A/C>, an entity associated with Mr Longworth) in 792,709 Shares and 10,231,708 unlisted Options, comprising of:
  - a. 31,708 Options exercisable at \$0.015 each on or before 18 October 2020;
  - b. 2,000,000 Options exercisable at \$0.025 each on or before 23 July 2020;
  - c. 2,000,000 Options exercisable at \$0.03 each on or before 23 July 2020;
  - d. 2,000,000 Options exercisable at \$0.04 each on or before 23 July 2020;
  - e. 1,400,000 Options exercisable at \$0.03 each on or before 10 December 2020;
  - f. 1,400,000 Options exercisable at \$0.04 each on or before 10 December 2020; and
  - g. 1,400,000 Options exercisable at \$0.05 each on or before 10 December 2020.
2. Mr Livingstone's relevant interest in securities comprises a direct interest in 1,333,333 Shares, 266,667 unlisted Options exercisable at \$0.015 each on or before 18 October 2020, 10,000,000 Performance Rights vesting at \$0.025 expiring on 30 January 2023, 10,000,000 Performance Rights vesting at \$0.05 expiring on 30 January 2023, 2,000,000 unlisted Options exercisable at \$0.025 each on or before 14 January 2022 and 2,000,000 unlisted Options exercisable at \$0.035 each on or before 14 January 2022.
3. Mr Barton's relevant interest in securities comprises an indirect interest (held by Coventina Holdings Pty Ltd ATF <Coventina Family Trust>, an entity associated with Mr Barton) in 972,223 Shares, 38,889 unlisted Options exercisable at \$0.015 each on or before 18 October 2020, 5,000,000 Performance Rights vesting at \$0.025 expiring on 30 January 2023 and 5,650,000 Performance Rights vesting at \$0.05 expiring on 30 January 2023.
4. Mr Daley's relevant interest in securities comprises an indirect interest (held by Mr Andrew Daley and Mrs Ineke Daley <Motherlode Super Fund Account>, an entity associated with Mr Daley) in 4,597,566 Shares and 12,933,902 unlisted Options, comprising of:
  - a. 2,500,000 Options exercisable at \$0.025 each on or before 23 July 2020;
  - b. 2,500,000 Options exercisable at \$0.03 each on or before 23 July 2020;
  - c. 2,500,000 Options exercisable at \$0.04 each on or before 23 July 2020;

- d. 1,750,000 Options exercisable at \$0.03 each on or before 10 December 2020;
- e. 1,750,000 Options exercisable at \$0.04 each on or before 10 December 2020;
- f. 1,750,000 Options exercisable at \$0.05 each on or before 10 December 2020; and
- g. 183,902 Options exercisable at \$0.015 each on or before 18 October 2020.

The Board recommends all Shareholders take up their Entitlement and advises that all Directors intend to take up their respective Entitlements subject to their financial capacity and circumstances at the time.

### Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

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

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	FY2018 <sup>1</sup>	FY2019 <sup>1</sup>	FY2020 <sup>1, 2</sup>
Mathew Longworth	\$67,500	\$199,742	\$60,000
Jason Livingstone <sup>3</sup>	-	\$90,231	\$200,000
Justin Barton	\$194,448	\$212,458	\$170,000
Andrew Daley	\$90,000	\$83,750	\$40,000

#### Notes:

1. Includes statutory superannuation.
2. Shareholders should note the Company's ASX Announcement released on 24 March 2020 in relation to Board remuneration and executive salaries. As set out in the ASX announcement, in order to preserve the Company's cash position until general market conditions improve members of the Board have agreed to convert certain accrued fees and salaries into Shares, subject to obtaining shareholder approval at a general meeting of shareholders. As at the date of this Prospectus, the total aggregate amount in accrued fees and salaries payable to Directors is \$44,137. Please refer to Section 5.6 for further details.
3. Mr Livingstone was appointed as Managing Director on 1 July 2019. Mr. Livingstone commenced employment with Metalicity Limited on 18 February 2019.

The Company notes Mathew Longworth was previously a director of Affinis Pty Ltd (**Affinis**). Affinis was a subsidiary of Echo Resources Limited (**Echo**) of which Mr

Longworth was chairman. By extension of Mr Longworth's position as chairman, he was also a director of the wholly owned subsidiary. In late 2014 Echo sought to call in its loan to Affinis and subsequently appoint liquidators to Affinis. As a result, Affinis was liquidated during the course of 2015 by Bentley's Corporate Restructuring. The Directors (other than Mathew Longworth) have considered the above circumstances surrounding Mr Longworth's involvement in the above companies and are of the view that Mr Longworth's involvement in these companies in no way adversely impacts on his appointment and contribution as a Director of the Company.

The Company notes Andrew Daley was previously a director of Bulong Nickel Pty Ltd and Bulong Operations Pty Ltd (together, the **Bulong Companies**). The Bulong Companies were the subsidiaries of Preston Resources Ltd (**Preston**), which went into Administration in 2002. Barclays Bank was Preston's major creditor and continued to support the Bulong nickel mine operations after the boards of the two Bulong Companies were restructured. Mr Daley was employed by Barclays Capital London and was appointed as the Barclays director on the boards of the Bulong Companies. After approximately a year of continued high operating costs forced the closure of the mine and receivers were appointed for each of the Bulong Companies.

In addition to the above, Mr Daley was a non-executive director of KGL Resources Limited (**KGL**) between November 2004 and May 2015. During 2012, KGL's wholly owned subsidiary, Kentor Minerals (WA) Pty Ltd (**KMWA**), began commissioning of a gold mining project in Western Australia, the Murchison Gold Project. The challenge of bringing the Murchison Gold mine into production proved much more difficult than had been anticipated. The start-up of operations was delayed and when processing ore did commence, the build up towards design production rates was slower than had projected and hence unit costs were substantially higher. As of December 2012 production at the Murchison Gold Project was still below target and additional working capital was required to reach a cash flow positive position. KMWA was unable to secure additional funding to support the project and the board resolved to appoint administrators to KMWA in March 2013. Subsequent to the administrators' appointment mining operations at the Murchison Gold Project were suspended. KGL was the major creditor of KMWA. On 10 July 2013, creditors of KMWA approved the terms of a Deed of Company Arrangement (**DOCA**). The DOCA was effectuated in August 2013, at which time control of KMWA reverted to the directors. In late 2013, KGL announced that a binding sale agreement has been executed to sell the Murchison Gold Project for total cash consideration of \$15m. The transaction was completed in early 2014.

The Directors (other than Andrew Daley) have considered the above circumstances surrounding Mr Daley's involvement in the above companies and are of the view that Mr Daley's involvement in these companies in no way adversely impacts on his appointment and contribution as a Director of the Company.

## 8.6 Interests of experts and advisers

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

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or

- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

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

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

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

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

Canaccord Genuity (Australia) Limited will be paid the fees set out in Section 8.4 to act as Underwriter and Lead Manager to the Offer. Further details in relation to the Underwriter Agreement and the Lead Manager Mandate are summarised in Section 8.4. During the 24 months preceding lodgement of this Prospectus with the ASIC, Canaccord Genuity (Australia) Limited has not been paid any fees by the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$439,415.57 (excluding GST and disbursements) for legal services provided to the Company.

## 8.7 Consents

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

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and

- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Canaccord Genuity (Australia) Limited has given its written consent to being named as Underwriter and Lead Manager to the Offer in this Prospectus, in the form and context in which it is named. Canaccord Genuity (Australia) Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC. Canaccord Genuity (Australia) Limited (including its related entities) is not a Shareholder of the Company and currently has no relevant interest in any of the Company's securities.

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

Stantons International has given its written consent to being named as the auditor to the Company in this Prospectus and the inclusion of the auditor reviewed balance sheet at Section 5.3. Stantons International has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

## 8.8 Expenses of the Offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$113,823 (excluding GST) and are expected to be applied towards the items set out in the table below:

	Full Subscription (\$)
ASIC fees	3,206
ASX fees	12,598
Lead Manager and Underwriter fees	73,019
Legal fees	15,000
Printing and distribution	5,000
Miscellaneous	5,000
<b>Total</b>	<b>113,823</b>

## 8.9 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 6500 0202 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at [www.metalicity.com.au](http://www.metalicity.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.

## 8.10 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.

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

The Company will not be issuing share or 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 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.

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.

#### **8.12 Privacy Act**

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

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

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

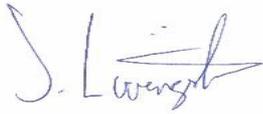
Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988 (Cth)* (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required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

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9. **DIRECTORS' AUTHORISATION**

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

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



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**Jason Livingstone**  
**Managing Director**  
**For and on behalf of**  
**METALICITY LIMITED**

For personal use only

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10. GLOSSARY

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

**Applicant** means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Securities pursuant to the Shortfall Offer as the context requires.

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

**Application Monies** means money paid by Applicants to subscribe for Securities under this Prospectus.

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

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

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

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

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

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

**Canaccord** or **Lead Manager** or **Underwriter** means Canaccord Genuity (Australia) Limited (ABN 19 075 071 466) (AFSL 234666).

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

**Company** means Metalicity Limited (ACN 086 839 992).

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

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

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

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

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

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

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

**Lead Manager Mandate** means the lead manager mandate between Canaccord, as Lead Manager, and the Company as summarised at Section 8.4.

**LM Tranche 1 Option** means an unlisted Option issued on the terms set out in Section 6.3.

**LM Tranche 2 Option** means a listed Option issued on the terms set out in Section 6.2, being the same terms as a New Option.

**New Option** means a listed Option issued on the terms set out in Section 6.2.

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

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

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

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

**Performance Right** means a right to acquire a Share, subject to satisfaction of any vesting conditions, and the corresponding obligation of the Company to provide the Share.

**Prospectus** means this prospectus.

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

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

**Securities** means Shares and/or New Options offered pursuant to the Offer.

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

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

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

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

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in Section 4.9.

**Shortfall Securities** means those Securities issued pursuant to the Shortfall.

**SU Commitment Option** means a listed Option issued on the terms set out in Section 6.2, being the same terms as a New Option.

**Underwriting Agreement** means the underwriting agreement between Canaccord, as Underwriter, and the Company as summarised at Section 8.4.

**Underwritten Amount** means \$500,000.

**Underwritten Securities** means 250,000,000 Shares and 125,000,000 New Options.

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