



STRANDLINE
resources limited

STRANDLINE RESOURCES LIMITED

ABN 32 090 603 642

PROSPECTUS

For:

- a pro-rata non-renounceable issue of 1 New Share for every 10 Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.12 per New Share (**Rights Issue**); and
- an offer of Shortfall Shares on the terms set out in Section 1.15 of this Prospectus (**Shortfall Offer**),

to raise up to approximately \$4,500,000 before costs of the issue.

The Rights Issue is fully underwritten by Morgans Corporate Limited and fully sub-underwritten by Ndovu Capital VII B.V (part of the Tembo Capital mining fund).

ASX Code: STA

IMPORTANT NOTICE

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser.

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IMPORTANT NOTICE

Prospectus

This Prospectus is dated Wednesday, 26 February 2020 and was lodged with ASIC on that date. No responsibility for the contents of this Prospectus is taken by ASIC nor ASX.

The New Shares issued pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus. No New Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

In preparing this Prospectus regard has been had to the fact 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 who investors may consult. No person is authorised to give any information or to make any representation in connection with the Rights Issue described in this Prospectus. Any information or representation which is not contained in this Prospectus or disclosed by the Company pursuant to its continuous disclosure obligations may not be relied upon as having been authorised by the Company in connection with the issue of this Prospectus.

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than used in full on each occasion. Those words and phrases (and their associated definitions) are set out in Section 5 of this Prospectus.

Electronic Prospectus

A copy of this Prospectus in electronic format may be viewed at <http://www.strandline.com.au/> or the website of ASX by Australian investors only. The Rights Issue constituted by this Prospectus in electronic form is only available to Eligible Shareholders receiving this Prospectus in electronic form within Australia.

New Shares and Shortfall Shares will only be issued with respect to the Entitlement and Acceptance Form or Shortfall Application Form, as the case may be, if the Company is satisfied the Entitlement and Acceptance Form or Shortfall Application Form was attached to a complete and unaltered version of this Prospectus. A paper copy of this Prospectus may be obtained free of charge on request by contacting the Company before 5pm (WST) on the Closing Date.

Risk factors

Before deciding to invest in the Company, potential investors should read the entire Prospectus. In considering the prospects for the Company, potential investors should consider the risk factors that could affect the performance of the Company. Please refer to Section 3 for further information.

Overseas Shareholders

The New Shares being offered under this Prospectus are being offered to Eligible Shareholders only. This Prospectus does not constitute an offer or invitation in any place in which, or to any person to

whom it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. The offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares. Please refer to Section 1.27 for further information.

Forward-looking statements

This Prospectus may contain forward-looking statements that have been based on current circumstances. Any forward-looking statements are subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

Key Dates*

Event	Date
Announcement of Rights Issue	Wednesday 26 February 2020
Lodgement of Prospectus with ASIC	Wednesday 26 February 2020
Lodgement of Prospectus and Appendix 3B with ASX	Wednesday 26 February 2020
Notice of Rights Issue sent to Optionholders	Wednesday 26 February 2020
Notice of Rights Issue sent to Shareholders	Friday 28 February 2020
“Ex” date	Monday 2 March 2020
Record date for determining Entitlements (5.00pm WST)	Tuesday 3 March 2020
Prospectus despatched to Eligible Shareholders/Opening Date and Company announces this has been completed	Friday 6 March 2020
Last day to extend the Closing Date	Friday 13 March 2020
Closing Date	Wednesday 18 March 2020
Deferred settlement trading occurs	Thursday 19 March 2020
Notify ASX of Shortfall	Monday 23 March 2020
Issue Date – deferred settlement trading ends	Wednesday 25 March 2020
Commencement of trading of New Shares	Thursday 26 March 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 New Shares are expected to commence trading on ASX may vary.

LETTER FROM THE CHAIRMAN

Dear Shareholder

On behalf of the Board of Strandline Resources Limited (**Strandline** or **the Company**), I am pleased to invite you to participate in the non-renounceable rights issue (**Rights Issue**) announced by the Company on 26 February 2020, under which Eligible Shareholders are entitled to subscribe for 1 New Share for every 10 Shares held at an issue price of \$0.12 per New Share. In addition, Shareholders are invited to apply for Additional New Shares (regardless of their present holding), as set out in Sections 1.6 and 1.12 of this Prospectus.

The Lead Manager and Underwriter to the Rights Issue is Morgans Corporate Limited (**Morgans**). In addition, Ndovu Capital VII B.V. (**Ndovu**), (part of the Tembo mining fund) has committed to fully sub-underwrite the Rights Issue by taking up those Shortfall Shares which are not at first instance able to be placed to third parties by the Underwriter (which will be done in consultation with the Board). Tembo has a long term-term investment strategy with the Company, having commenced investment in the Company in 2016. Tembo has a current Shareholding of 33.1% in Strandline. Tembo has been a strong supporter of the Company's strategy to develop its near-term production assets to become a minerals producer, and has advised the Company that it will take up its full Entitlement under the Rights Issue. The Company welcomes the ongoing support from Tembo and looks forward to continuing this strong relationship.

Following completion of the Rights Issue, Strandline will have funds to progress the exploration and development of its mineral sands projects, as set out in Section 1.2 of this Prospectus.

Strandline's project portfolio comprises development optionality, geographic diversity and scalability. This includes two zircon-titanium rich, 'development ready' projects, the Fungoni Project in Tanzania and the large Coburn Project in Western Australia, as well as a series of titanium dominated exploration targets spread along 350km of highly prospective Tanzanian coastline, including the advanced Tajiri Project and Bagamoyo Project.

Strandline's flagship project is the Coburn Mineral Sand Project (**Coburn**), situated in Western Australia, 250 km north of the established mineral sands export port of Geraldton.

The Coburn DFS (announced in April 2019) and subsequent process optimisation work (announced in January 2020) demonstrates a compelling development option, both technically and financially.

High margins and strong long-term cash flows are the result of low operating costs and an exceptional high-value zircon and titanium product mix.

The DFS financial evaluation projects Coburn to generate A\$1.9 billion of earnings (EBITDA) over the first 23 years (of the potential 38-year mine life), with a payback of 2.2 years from the start of production. Further information about the results of the DFS, as disclosed by the Company on 16 April 2019, is set out below:

- Coburn DFS Pre-Tax NPV₈ of A\$551m and IRR of 32% for the first 23 years; Best-quartile revenue-to-opex ratio of 2.2.
- Coburn to provide significant regional, community benefits and indigenous opportunities.
- Construction-ready with key development approvals already in place, including a mining lease, environmental approval, native title agreement and pastoral lease ownership.

- Annual production of 58kt zircon, 110kt chloride ilmenite and 24kt rutile; to supply ~5% of the global zircon market.
- Capital-efficient development compared with industry peers; A\$207m Capex for HMC Case, with an additional A\$50m for the Final Products Case which includes MSP infrastructure (excludes financing costs).
- Large homogenous JORC-compliant Reserve of 523Mt @ 1.11% THM underpins an initial +23-year LOM, with opportunity to grow Reserves to +38 years, through evaluation of resources extending north.
- Conventional open pit dry mining in free-dig sand with in-pit tailings deposition and progressive backfill and full rehabilitation.
- Low waste-to-ore strip ratio averaging 0.7; extremely low slimes and oversize, coarse particle size.
- Proven processing technology capable of high efficiencies and mineral recoveries.
- Large global customers supportive of Coburn production and long-term offtake.
- First production of HMC within 18 months from project commencement.

For more information on the Coburn mineral sands project, refer to the ASX Announcement dated 16 April 2019 for details of the material assumptions underpinning the production target and financial results for the Coburn Project DFS, Ore Reserve and Mine Life Extension Case Scoping Study. The Company confirms that all the material assumptions underpinning the production target, financial results and Ore Reserve estimate as disclosed in the announcement of 16 April 2019 continue to apply and have not materially changed.

Subject to the satisfactory completion of the Rights Issue, funds raised will be enable the Company to advance project financing and pre-execution activities, including procurement of major construction and operations contracts, offtakes, debt financing and strategic partner arrangements.

The details of the Rights Offer are set out in this Prospectus together with your personalised Entitlement and Acceptance Form. I encourage you to read the Prospectus in its entirety before making your decision. A description of the risk factors you may wish to consider is set out in Section 3.

The Rights Offer provides you with the opportunity to participate in this capital raising on the same terms as professional and sophisticated investors (including Ndovu, the sub-underwriter), enabling you to maintain your equity interest in the Company at an attractive price and participate in our future growth. All Directors who own Shares as well as some of the other top 20 Shareholders (including Ndovu) have indicated that they will be participating in the Rights Issue.

On behalf of the Board, I invite you to consider this investment opportunity and thank you for your continued support of the Company.

Yours sincerely



DIDIER MURCIA
Non-Executive Chairman

CORPORATE DIRECTORY

DIRECTORS	Mr Didier Marcel Murcia (Non-Executive Chair) Mr Luke Edward Graham (CEO and Managing Director) Mr Ernest Thomas Eadie (Non-Executive Director) Mr John Russell Hodder (Non-Executive Director) Mr Peter Richard Watson (Executive Director)
SECRETARY	Mr Flavio Lino Garofalo (Company Secretary)
REGISTERED OFFICE	35 Richardson Street West Perth WA 6005 Tel: +61 8 9226 3130 Fax: +61 8 9485 2070 Email: enquiries@strandline.com.au Website: http://www.strandline.com.au
AUDITORS*	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008 Tel: +61 8 6382 4600 Fax: +61 8 6382 4601
SOLICITORS TO THE RIGHTS ISSUE	Murcia Pestell Hillard Suite 183, Level 6 580 Hay Street Perth WA 6000 Australia Tel: +61 8 9221 0033 Fax: +61 8 9221 0133
LEAD MANAGER & UNDERWRITER	Morgans Corporate Limited Level 29, 123 Eagle Street Brisbane QLD 4000 Tel: +61 7 3334 4888 Fax: +61 7 3834 0888
SHARE REGISTRAR*	Computershare Investor Services Pty Limited Level 11, 172 St Georges Terrace PERTH WA 6000 Tel: +61 1300 850 505 Fax: +61 8 9323 2033
ASX Code	STA

**For information purposes only. This person has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.*

Section 1 DETAILS OF THE RIGHTS ISSUE

1.1 Rights Issue

This Prospectus invites Eligible Shareholders to participate in a pro-rata non-renounceable issue of 1 New Share for every 10 Shares held by those Shareholders registered at the Record Date at an issue price of \$0.12 per New Share to raise up to approximately \$4,500,000 (less expenses of the Rights Issue).

As at the date of this Prospectus, the Company has 372,820,821 Shares, 10,500,000 vested Unlisted Options and 18,938,796 Performance Rights on issue. The Company has no listed Options on issue.

Holders of Options will not be entitled to participate in the Rights Issue. However, holders of vested unlisted Options may exercise their Options prior to the Record Date if they are an Eligible Shareholder and wish to participate in the Rights Issue.

As announced on Wednesday, 26 February 2020, the Company has agreed to issue 16,666,667 new Shares to sophisticated and institutional investors at an issue price of \$0.12 per Share to raise approximately \$2 million (**Placement**). The Shares to be issued under the Placement will not be issued until after the Record Date and accordingly will not affect the Rights Issue.

If all of the vested unlisted Options are exercised prior to the Record Date the Company's cash funds will increase by an additional amount of \$2,310,000 from the exercise of these Options and this Prospectus will (subject to eligibility) also offer to those Shareholders a further maximum of approximately 1,050,000 New Shares to raise an additional amount of approximately \$126,000 from the issue of those New Shares. Further information on the Options is set out in Section 2.2 below.

There are currently 18,938,796 Performance Rights on issue subject to vesting conditions, none of which have been satisfied as at the date of this Prospectus (and which will not vest or be converted into Shares prior to the Record Date).

1.2 Purpose of the Rights Issue and Use of Funds

The funds raised from the Rights Issue will be applied towards the following:

Use of Funds	Full Subscription (\$)
Coburn project: advance project financing and pre-execution activities, including procurement of major construction and operations contracts, offtakes, debt financing and strategic partner arrangements;	\$2,500,000
Fungoni project: finalise Project Finance Facility documentation with Nedbank CIB and work to satisfy conditions precedent to Financial Close	\$250,000
Tajiri project: progress strategic project reviews and prepare to advance feasibility evaluation	\$750,000
General working capital and administrative costs	\$810,000

Use of Funds	Full Subscription (\$)
Costs of Rights Issue	\$190,000
Total	\$4,500,000

The above-proposed use of funds is a statement of present intention as at the date of this Prospectus and is subject to ongoing review and evaluation by the Company.

Any additional funds raised from the participation of Shareholders in the Rights Issue as a result of the exercise of any of the 10,500,000 unlisted Options, which may be up to \$2,310,000 (assuming all exercisable Unlisted Options are exercised, and Shares are issued, prior to the Record Date), will be applied proportionately to the activities of the Company set out under the Full Subscription column of the "Use of Funds" table above. As at the date of this Prospectus, the applicable exercise prices for all of the vested unlisted Options are higher than the price at which the Shares are currently trading on ASX and, accordingly, the Directors consider that it is unlikely any of those relevant Options will be exercised by their holders prior to the Record Date.

1.3 Opening and Closing Dates

The Rights Issue will open on Friday, 6 March 2020 and close at 5 pm (WST) on Wednesday, 18 March 2020 (except where payment is via BPAY® in which case payment must be made by such earlier cut off time as your own financial institution may implement with regard to electronic payments) or such later date as the Directors, in their absolute discretion and subject to compliance with the Listing Rules, may determine.

1.4 Entitlement to Rights Issue

Eligible Shareholders who are recorded on the Company's Share register at 5 pm (WST) on the Record Date are eligible to participate in the Rights Issue. Fractional entitlements will be rounded down to the nearest whole number of New Shares. An Entitlement and Acceptance Form setting out your entitlement to New Shares accompanies this Prospectus.

1.5 Actions required

As an Eligible Shareholder you may:

- (a) subscribe for all of your Entitlement (refer to Section 1.6);
- (b) subscribe for part of your Entitlement and allow the balance to lapse (refer to Sections 1.6 and 1.7); or
- (c) subscribe for all of your Entitlement (refer to Section 1.6) and apply for additional New Shares (refer to Sections 1.6 and 1.12).

You may also choose not to take up any of your Entitlement, in which case no action is required (refer to Section 1.12).

1.6 Entitlement Acceptance

Your acceptance of your Entitlement must be made on the Entitlement and Acceptance Form accompanying this Prospectus. If your acceptance exceeds your Entitlement as shown on that form, your acceptance will be deemed to be for the maximum Entitlement and Additional New

Shares your Application Monies can cover. Please refer to Section 1.12 for more information about applying for Additional New Shares.

In order to take up your Entitlement and/or apply for Additional New Shares, please refer to the process set out below.

- (a) if you wish to accept your **full** Entitlement please:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you wish to accept your **full** Entitlement and **apply for Additional New Shares** please:
 - (i) complete the Entitlement and Acceptance Form and include the number of Additional New Shares you wish to apply for above your Entitlement in the space provided on that form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.12 per New Share); or
- (c) if you only wish to accept **part** of your Entitlement please:
 - (i) fill in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.12 per New Share); or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything – please refer to Section 1.9 for further information.

1.7 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “**Strandline Resources 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 Wednesday, 18 March 2020.

1.8 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
- (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 New 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 Registrar by no later than 5:00 pm (WST) on Wednesday, 18 March 2020. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of 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.

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

1.9 If you do not wish to take up any part of your Entitlement

If you do not wish to take up your Entitlement under the Rights Issue, you are not required to take any action. You will receive no benefit or New Shares and your Entitlement will become available as Additional New Shares or Shortfall Shares.

If you want to take up part of your Entitlement and wish to receive a benefit, you must take action to accept part of your Entitlement in accordance with the instructions above and on the back of the accompanying Entitlement and Acceptance Form.

The number of securities you hold as at the Record Date and the rights attached to those securities will not be affected if you choose not to accept any of your Entitlement. However, the percentage of your shareholding in the Company will be diluted by the issue of New Shares to other Shareholders pursuant to the Rights Issue.

1.10 Entitlement and Acceptance Form binding

A completed and lodged Entitlement and Acceptance Form or making a BPAY® payment constitutes a binding application to acquire New Shares on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an Application as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

1.11 Eligible Shareholder representations and warranties

By completing and returning your Entitlement and Acceptance Form with the requisite Application Monies or making a BPAY® payment, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given this Prospectus does not prohibit you from being given this Prospectus and you:

- (a) agree to be bound by the terms of the Rights Issue;
- (b) declare all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) declare you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;

- (d) authorise the Company and its respective officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registrar using the contact details set out in the Entitlement and Acceptance Form;
- (e) declare you are the current registered holder of Shares;
- (f) represent and warrant the law of your place of residence does not prohibit you from being given this Prospectus and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and you are otherwise eligible to subscribe for part or all of your Entitlement and to participate in the Rights Issue;
- (g) acknowledge the information contained in or accompanying this Prospectus is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- (h) acknowledge the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to the registration requirements of applicable overseas securities laws, in particular the US Securities Act.

1.12 Applying for Additional New Shares

Eligible Shareholders may, in addition to their Entitlement, apply for Additional New Shares regardless of the size of their present holding.

An Eligible Shareholder that wishes to take up Additional New Shares must do so in accordance with the instructions on the Entitlement and Acceptance Form.

Any Entitlements not taken up may become available as Additional New Shares. The Company intends to allocate Additional New Shares to applicants on a pro rata basis, calculated as the percentage of the Eligible Shareholder's Shareholding on the Record Date. If after that allotment there are applications for Additional New Shares that haven't been satisfied then the Company will complete the allocation in its absolute discretion. It is possible that there will be few or no Additional New Shares available for issue, depending on the level of take up of Entitlements by Eligible Shareholders. There is also no guarantee that if Additional New Shares are available for issue, they will be allocated to all, or any, of the Eligible Shareholders who have applied for them.

It is an express term of the Rights Issue that Applicants for Additional New Shares will be bound to accept a lesser number of Additional New Shares allocated to them than applied for if so allocated. If a lesser number of Additional New Shares is allocated to an Applicant than applied for, excess Application Money will be refunded without interest.

A single cheque should be used for the Application Money for your Entitlement and any Additional New Shares as stated on the Entitlement and Acceptance Form. Alternatively, if you are paying by BPAY®, refer to your personalised instructions on your Entitlement and Acceptance Form. Please refer to Section 1.6 for further information.

Pursuant to the sub-underwriting arrangement between the Underwriter and Ndovu, Ndovu will not be entitled to, and will not, apply for Additional New Shares. However, Ndovu will take up those Shortfall Shares which are unable to be placed by the Underwriter (in consultation with the Company) to third party investors. Please refer to Section 1.16 for further information.

1.13 Issue Process

Upon the close of acceptances on the Closing Date, the Company will have received Applications for Entitlements and applications for Additional New Shares from all Eligible Shareholders.

Additional New Shares will be allotted and issued from the pool of New Shares with respect to which Eligible Shareholders have not submitted valid Applications by 5pm (WST) on the Closing Date.

On the Issue Date, the Company will allot and issue to Eligible Shareholders:

- (a) New Shares pursuant to valid Applications; and
- (b) Additional New Shares pursuant to valid applications for Additional New Shares from the Shortfall.

1.14 Nominee

Ineligible Shareholders may receive value from the sale of New Shares to which they would have been entitled to apply for had they been Eligible Shareholders. The Company will shortly after lodgement of this Prospectus seek ASIC approval to appoint Morgans as a nominee for the purposes of section 615 of the Corporations Act (**Nominee**) to sell the New Shares that might have otherwise been issued to Ineligible Shareholders.

Pursuant to the arrangement with the Nominee, the Nominee will subscribe for the New Shares which Ineligible Shareholders would be entitled to if they were eligible to participate in the Rights Issue (**Nominee Shares**). The Nominee will then sell the Nominee Shares and remit the net proceeds from the sale of the Nominee Shares (if any) to the Ineligible Shareholders in proportion to their respective Shareholdings. The Nominee will have the absolute and sole discretion to determine the timing and price at which the Nominee Shares must be sold and the manner of any such sale. Any interest earned on the proceeds of the sale of the Nominee Shares will firstly be applied against expenses of the sale, including brokerage, and any balance will form part of the proceeds payable to the Ineligible Shareholders (if any). The Company will forward the proceeds of the sale of the Nominee Shares (if any) as soon as reasonably practicable to the Ineligible Shareholders in proportion to their respective Shareholdings (after deducting the subscription price, brokerage commission and any other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company. Notwithstanding that the Nominee must sell the Nominee Shares, Ineligible Shareholders may nevertheless receive no net proceeds if the subscription price plus costs of the sale is greater than the sale proceeds.

For performing this role, the Nominee will receive a 1% brokerage fee on execution of the sale of any Nominee Shares (as agreed by the Company under the Underwriting Agreement).

1.15 Shortfall Offer

Any New Shares not applied for by the Closing Date will become Shortfall Shares. The Directors and Underwriter reserve the right to allocate and issue Shortfall Shares within 3 months after the Closing Date (**Shortfall Offer**). The issue price for each Shortfall Share to be issued under the Shortfall Offer will be \$0.12, being the price at which New Shares have been offered under the Rights Issue.

The Shortfall Offer is, to the extent it is made in Australia, made under this Prospectus. To the extent the Shortfall Offer is made outside Australia, the Shortfall Offer is made without disclosure, a prospectus, lodgement, filing or registration, or other requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors). Persons outside Australia who apply for Shares represent to the Company that they can apply for Shortfall Shares in circumstances which do not require the offer for Shortfall Shares or this Prospectus to be registered.

Allocation of the Shortfall Shares will be at the discretion of the Underwriter in consultation with the Board, and will otherwise be subject to the terms of the Underwriting Agreement and the sub-underwriting agreement, as detailed in Section 1.16 below.

Pursuant to the terms of the sub-underwriting agreement between the Underwriter and Ndovu, Ndovu will take up (only) those Shortfall Shares which are not placed to other third parties (including new investors) by the Underwriter (in consultation with the Board), in the manner as set out above. Please refer to Section 1.16 for further information.

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

1.16 Underwriting and sub-underwriting

The Company has entered into the Underwriting Agreement with Morgans, pursuant to which Morgans has agreed to act as Lead Manager and Underwriter to the Rights Issue. Morgans has in turn entered into a sub-underwriting agreement with Ndovu pursuant to which Ndovu has committed to fully sub-underwrite the Rights Issue by taking up those Shortfall Shares which the Underwriter (in consultation with the Company) is unable to place to other third parties. Further information is set out below.

Terms of the Underwriting Agreement

Under the terms of the Underwriting Agreement, Morgans will be paid a fee for:

- (a) managing and underwriting the Rights Issue; and
- (b) the sale of any Shortfall Shares to third parties (being parties other than Ndovu) under the Shortfall Offer.

The Company will also be required to reimburse Morgans for all of the reasonable costs incurred by Morgans incidental to the Rights Issue. For more details, please refer to Section 4.6.

The obligation of Morgans to underwrite the Rights Issue is subject to certain events of termination. Morgans may terminate its obligations under the Underwriting Agreement in the following circumstances:

- (a) **(delisting)** ASX advises the Company that it will be removed from the Official List or that its Shares will be delisted or suspended from Official Quotation by ASX for any reason (excluding any suspensions in place in connection with the Rights Issue);
- (b) **(quotation)** ASX does not, or states that it will not, agree to grant Official Quotation to any or all of the New Shares on an unconditional basis (or on a conditional basis provided such condition would not, in the opinion of the Underwriter (acting reasonably) have a material adverse effect on the Rights Issue) by the date on which settlement of the New

Shares and Shortfall Shares has occurred or, if permission for the Official Quotation of the New Shares is granted before the date of allotment and issue of those New Shares, the approval is subsequently withdrawn, qualified (other than by way of customary conditions) or withheld;

- (c) **(index fall)** the S&P/ASX 200 Index published by ASX is at any time more than 10% below its level as at 5pm on the Business Day immediately preceding the date of the Underwriting Agreement;
- (d) **(material adverse effect)** there is a material adverse effect, or any development that could reasonably be expected to have a material adverse effect, on the Company or its related bodies corporate as compared to its financial and operational position described in the Prospectus;
- (e) **(ASIC action)** ASIC:
 - (i) makes an order or interim order under section 739 of the Corporations Act concerning this Prospectus;
 - (ii) applies for an order under Part 9.5 of the Corporations Act in relation to the Rights Issue or any documents issued or published by or on behalf of the Company in respect of the Rights Issue; or
 - (iii) holds, or gives notice of intention to hold, a hearing or investigation in relation to the Rights Issue or any documents issued or published by or on behalf of the Company in respect of the Rights Issue under the Corporations Act or the *Australian Securities and Investments Commission Act 2001* (Cth); or
 - (iv) prosecutes or gives notice of an intention to prosecute or commences proceedings against, or gives notice of an intention to commence proceedings against the Company or any of its officers, employees or agents in relation to the Rights Issue or any documents issued or published by or on behalf of the Company in respect of the Rights Issue;
- (f) **(Takeovers Panel)** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Part 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel and the Takeovers Panel decides to conduct proceedings;
- (g) **(withdrawal of consent)**
 - (i) any person whose consent to the issue of this Prospectus or any supplementary or replacement prospectus lodged with ASIC in connection with the Rights Issue is required by section 720 of the Corporations Act and who has previously consented to the issue of the Prospectus or any supplementary or replacement prospectus lodged with ASIC in connection with the Rights Issue withdraws such consent;
 - (ii) any person gives a notice under section 733(3) of the Corporations Act; or
 - (iii) any person (other than the Underwriter) who has previously consented to the inclusion of their name or any statement in the Prospectus or any supplementary or replacement prospectus lodged with ASIC in connection with the Rights Issue withdraws that consent;

- (h) (**withdrawal of Prospectus**) the Company withdraws this Prospectus or the Rights Issue;
- (i) (**offer of refund to investors**) any circumstance arises after lodgement of this Prospectus that results in the Company either repaying the money received from persons who have applied for New Shares or offering persons who have applied for New Shares an opportunity to withdraw their application for New Shares and be repaid their Application Money;
- (j) (**Offer Documents**) the Underwriter forms the view (acting reasonably) that:
 - (i) there is an omission from the Prospectus or any supplementary or replacement prospectus lodged with ASIC in connection with the Rights Issue of material required by the Corporations Act to be included;
 - (ii) this Prospectus or any document issued or published by or on behalf of the Company in respect of the Rights Issue contains a statement which is untrue, inaccurate, misleading or deceptive or likely to mislead or deceive (whether by inclusion or omission); or
 - (iii) this Prospectus or any document issued or published by or on behalf of the Company in respect of the Rights Issue does not contain all information required to comply with all applicable laws;
- (k) (**section 730 notice**) a person gives a notice to the Company under section 730 of the Corporations Act;
- (l) (**insolvency**) the Company or any of its related bodies corporate becomes insolvent, or an act occurs or an omission is made which may result in the Company or any of its related bodies corporate becoming insolvent;
- (m) (**authorisation**) any authorisation, consent, concession, licence, permit, declaration, approval, exemption, notarisation or waiver which is material to anything referred to in this Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (n) (**timetable**) any event specified in the timetable set out in the Underwriting Agreement is delayed for more than two Business Days without the prior written approval of the Underwriter;
- (o) (**Directors and senior management**)
 - (i) a Director or any member of the senior management of the Company is charged with a criminal offence relating to any financial or corporate matter;
 - (ii) any government agency commences any public action against the Company, any of the Directors or any member of the senior management of the Company, or announces that it intends to take any such action; or
 - (iii) any Director or the Chief Executive Officer of the Company is disqualified under the Corporations Act from managing a corporation.

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

Terms of the sub-underwriting agreement

Ndovu has entered into a sub-underwriting agreement with the Underwriter. Pursuant to that sub-underwriting agreement, Ndovu has agreed to:

- (a) apply, in accordance with the instructions and documents provided by the Underwriter, for the number of the outstanding Shortfall Shares which the Underwriter was not able to place to any third-party investors (being investors other than Tembo) as agreed between the Underwriter and the Company; and
- (b) make payment of those Shortfall Shares (at the price specified under this Prospectus, being \$0.12 per Shortfall Share) in immediately available funds on the date advised by the Underwriter.

The Underwriter may terminate the sub-underwriting agreement on the same grounds set out above with respect to the Underwriting Agreement.

In consideration for entering the sub-underwriting agreement, Ndovu will receive a fee as set out in Section 4.6 below.

About Ndovu and Tembo

Tembo is a mining-focussed private equity fund group, which has a strong track record of identifying and supporting emerging resource companies. Tembo has a team of experienced private equity investment and mining finance professionals.

Ndovu is a part of the Tembo Capital private equity group and is, at the date of this Prospectus a substantial shareholder of the Company. Ndovu's Shareholding in the Company is set out in Section 2.3. Having previously held up to an 35.1% Shareholding in the Company before being diluted down to its current 33.1% Shareholding, Ndovu has been a long-standing supporter of the Company and its strategy to develop its near-term production assets to become a minerals producer. Ndovu has confirmed to the Company it will take up its full Entitlement under the Rights Issue.

Ndovu has provided the Company with information that has satisfied the Board that Ndovu has available funds to complete the underwriting of the Rights Issue. In particular, the Board is satisfied that Ndovu has funds available to complete the sub-underwriting based on the assumption that no other Shareholders take up their Entitlements pursuant to the Rights Issue (as set out in the table in Section 2.3).

Given that a number of Shareholders have indicated their intention to take up their Entitlements under the Rights Issue, the Board's expectation is that a significant number of the other Shareholders' Entitlements will not become part of the Shortfall and it is therefore extremely unlikely that Ndovu will be required to sub-underwrite a Shortfall that comprises all of the other Shareholders' Entitlements. Nevertheless, the Board is satisfied that Ndovu has the financial capacity to complete such an extensive sub-underwriting if required to do so.

1.17 Allotment and Application Money

New Shares will be issued only after all Application Money has been received and ASX has granted permission for the New Shares to be quoted. It is expected the New Shares will be issued on Wednesday 25 2020 and normal trading of the New Shares on ASX is expected to commence on Thursday, 26 March 2020. Shortfall Shares will be issued on a progressive basis (but by no

later than 3 months after the Closing Date).

All Application Money received before New Shares are issued will be held in a special purpose account.

1.18 Market prices of the Shares on ASX

A summary of the sale prices of the Shares on ASX during the last 3 months until the last trading day on ASX immediately prior to lodgement of this Prospectus with ASIC is set out below:

High (\$)	Low (\$)	Volume weighted average price (\$)
\$0.13	\$0.098	\$0.113

The last market sale price of Shares on Friday 21 February 2020 (which was the last day of trading before lodgement of the Prospectus with ASIC) was \$0.125.

1.19 Minimum subscription

There is no minimum subscription amount sought to be raised by the Rights Issue. The Company will allot the New Shares irrespective of the amount raised. Given the Rights Issue is fully underwritten and sub-underwritten, the Rights Issue will raise the full amount sought.

1.20 No brokerage and stamp duty payable on subscription under Entitlement

No brokerage or stamp duty will be payable by Eligible Shareholders for a subscription for New Shares pursuant to their Entitlement.

1.21 Tax implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Rights Issue or Shareholders applying for New Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders.

The Company makes no representation and provides no advice in relation to the tax consequences for any Shareholder taking up their Entitlement under the Rights Issue. Accordingly, the Company, its advisers and officers do not accept any responsibility or liability for any taxation consequences to Shareholders in relation to the Rights Issue. Shareholders and Option holders (if applicable) should seek professional taxation advice about the tax consequences of taking up their Entitlement.

1.22 ASX quotation

The Company has applied to ASX for official quotation of the New Shares offered under the Rights Issue pursuant to this Prospectus. If official quotation of the New Shares is not granted by ASX within 3 months of the date of this Prospectus, then the Company will not allot or issue any New Shares and all Application Money received pursuant to this Prospectus will be repaid as soon as practicable, without interest.

A decision by ASX to grant official quotation of the New Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company or the New Shares offered under this Prospectus.

1.23 Notice to custodians and nominees

Custodians and nominees that currently hold Shares should note the Rights Issue is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Rights Issue is compatible with applicable foreign laws.

1.24 No issue of New Shares after 13 months

No New Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

1.25 Withdrawal of Rights Issue

The Company reserves the right not to proceed with the Rights Issue at any time before the issue of the New Shares to Eligible Shareholders. If the Rights Issue does not proceed, the Company will return all Application Money as soon as practicable after giving notice of its withdrawal, without interest.

1.26 Issue and allotment of New Shares

The New Shares will be issued fully paid. From the date of issue, the New Shares will rank equally in all respects with the Shares currently on issue. Details of the terms of the New Shares are set out in Section 4.4. By returning your Entitlement and Acceptance Form, you agree to comply with the Constitution for the New Shares issued to you.

The New Shares issued pursuant to Eligible Shareholders' Entitlements as well as the Additional New Shares, are expected to be issued and allotted by no later than Wednesday, 25 March 2020. Shortfall Shares will be issued on a progressive basis.

Until issue and allotment of the New Shares under this Prospectus, the Application Money will be held in trust in a separate bank account opened and maintained for that purpose only. Any interest earned on the Application Money will be for the benefit of the Company and will be retained by it irrespective of whether allotment of the New Shares takes place.

1.27 Ineligible Shareholders

The Company is of the view it is unreasonable to make the offer under this Prospectus to Ineligible Shareholders having regard to:

- (a) the small number of Ineligible Shareholders;
- (b) the small number and value of New Shares to be offered to Ineligible Shareholders; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the various overseas jurisdictions in which Ineligible Shareholders are located.

Accordingly, the Rights Issue is not being extended to, and does not qualify for distribution or sale by, and no New Shares will be issued to, Shareholders having registered addresses outside Australia, New Zealand, Greece, Hong Kong, Singapore, the United Kingdom and the Netherlands.

The New Shares being offered under this Prospectus are being offered to Eligible Shareholders only.

This Prospectus does not constitute an offer or invitation in any place outside Australia, New Zealand, Greece, Hong Kong, Singapore, the United Kingdom and the Netherlands in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The Company has not made investigations as to the regulatory requirements that may prevail in countries outside Australia, New Zealand, Greece, Hong Kong, Singapore, the United Kingdom and the Netherlands in which the Company's Shareholders reside.

Each Shareholder taking up its Entitlement represents and warrants the law of any place does not prohibit that Shareholder from being given this Prospectus and the Entitlement and Acceptance Form, nor does it prohibit that Shareholder from making an application for New Shares and that Shareholder is otherwise eligible to participate in the Rights Issue. It is the responsibility of an Eligible Shareholder to ensure compliance with any laws of a country relevant to their Application.

The distribution of this Prospectus in jurisdictions outside Australia, New Zealand, Greece, Hong Kong, Singapore, the United Kingdom and the Netherlands 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 those restrictions may constitute a violation of applicable securities laws.

The offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the *Financial Markets Conduct Act 2013* (New Zealand) and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016* (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares.

1.28 **CHES**

The Company participates in the Clearing House Electronic Sub-register System (**CHES**). ASX Settlement, a wholly owned subsidiary of ASX, operates CHES in accordance with the Listing Rules and the ASX Settlement Operating Rules. Under CHES, Applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are broker sponsored, ASX Settlement will send you a CHES statement. The CHES statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Share Registrar and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHES statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time; however a charge may be made for additional statements.

1.29 **Privacy**

The Company collects the information about each Shareholder provided on an Entitlement and

Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer that Shareholder's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Shareholder agrees the Company may use the information provided by a Shareholder on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registrar, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application.

An Applicant has an entitlement to gain access to the information the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

1.30 Enquiries regarding this Prospectus

Enquiries regarding this Prospectus should be directed to the Company Secretary by telephone on +61 8 9226 3130.

Section 2 CAPITAL STRUCTURE & EFFECT OF THE RIGHTS ISSUE ON THE COMPANY

2.1 Principal effects

The principal effects of the Rights Issue (assuming full subscription) are:

- (a) Subject to Section 2.10, the Company's cash funds will increase by approximately \$4,500,000, less expenses of the Rights Issue, which are estimated to be approximately \$190,000; and
- (b) Subject to Section 2.10, the total number of Shares on issue will increase by approximately 37,282,082 to 410,102,903.

If 100% of the vested unlisted Options currently on issue are exercised prior to the Record Date and all Entitlements are taken up, then:

- (a) the Company's cash funds will increase by an additional amount of \$2,310,000 from the exercise of the vested unlisted Options and a further \$126,000 from the take up of the Entitlements; and
- (b) the total number of Shares on issue will increase by an additional 10,500,000 from the exercise of the vested unlisted Options and 1,050,000 from the Entitlements, to 384,370,821 Shares on issue.

2.2 Capital structure

As at the date of this Prospectus the Company has 372,820,821 Shares on issue. The pro-forma capital structure of the Company following the Rights Issue pursuant to this Prospectus, but not including the 16,666,667 Shares to be issued pursuant to the Placement after the date of this Prospectus, is set out below (if 100% of the New Shares offered pursuant to this Prospectus are subscribed for and issued):

	Number
Existing Shares	372,820,821
New Shares to be issued under this Prospectus	37,282,082
Shares on issue after this Rights Issue	410,102,903

The Company currently has the following unlisted Options on issue:

Exercise price	Expiry date	Vested	Unvested	No. of Options
\$0.18 or 40% above the average 60-day VWAP of Shares at the time of grant, whichever is higher	28 November 2021	3,500,000	Nil	3,500,000
\$0.22 or 40% above the average 60-day VWAP of Shares at the time of grant, whichever is higher	28 November 2022	3,500,000	Nil	3,500,000
\$0.26 or 40% above the average 60-day VWAP of Shares at the time of grant, whichever is higher	28 November 2023	3,500,000	Nil	3,500,000
Total:				10,500,000

There are currently also 18,938,796 Performance Rights on issue subject to vesting conditions, none of which have been satisfied as at the date of this Prospectus (and which will not vest or be converted into Shares prior to the Record Date).

2.3 Effect of the Rights Issue on control of the Company

Ndovu

Ndovu currently holds 33.1% of all Shares currently on issue. Ndovu has indicated to the Company that it intends to take up its full Entitlement under the Rights Issue. Further, Ndovu has entered into binding commitments with Morgans to fully sub-underwrite the Rights Issue and take up those Shortfall Shares which the Underwriter (in consultation with the Company) is unable to place to other third parties.

If Ndovu takes up its Entitlement in full and all other Eligible Shareholders also take up their Entitlements in full, there will be no material change to the percentage of Ndovu's Shareholding percentage on completion of the Rights Issue.

The table below shows Ndovu's approximate Shareholding and voting power in the Company (expressed as a percentage) in circumstances where:

- (a) 100% of the total Entitlements are taken up by Eligible Shareholders (ie there are no Shortfall Shares);
- (b) 75% of the total Entitlements are taken up by Eligible Shareholders (including Ndovu taking up its full Entitlement), no applications for Additional New Shares are received, the Underwriter is unable to place any Shortfall Shares to third parties and as a result all of the Shortfall Shares are then taken up by Ndovu;
- (c) 50% of the total Entitlements are taken up by Eligible Shareholders (including Ndovu taking up its full Entitlement), no applications for Additional New Shares are received, the Underwriter is unable to place any Shortfall Shares to third parties and as a result all of the Shortfall Shares are then taken up by Ndovu; or
- (d) only Ndovu takes up its Entitlement, the Underwriter is unable to place any Shortfall Shares to third parties and, as a result, all of the Shortfall Shares are then taken up by Ndovu.

The table assumes no Options are exercised or Performance Rights vest prior to the Record Date and that Ndovu takes up its full Entitlement in each scenario.

Event	Shares held by Ndovu	Voting power of Ndovu
Date of this Prospectus	123,532,616	33.1%
Completion of Rights Issue:		
If fully subscribed	135,885,878	33.1%
If 75% subscribed (including by Ndovu), no applications for Additional New Shares are received, the Underwriter is unable to place any Shortfall Shares to third parties and as a result Ndovu takes up all of the Shortfall Shares	142,118,083	34.7%
If 50% subscribed (including by Ndovu), no applications for Additional New Shares are received, the Underwriter is unable to place any Shortfall Shares to third parties and as a result Ndovu takes up all of the Shortfall Shares	148,350,288	36.2%
If only Ndovu takes up its Entitlement and, as a result of the Underwriter being unable to place any Shortfall Shares to third parties, Ndovu takes up all of the Shortfall Shares	160,814,698	39.2%

The Board considers it will be unlikely that no Eligible Shareholder other than Ndovu will take up their Entitlement under the Rights Issue and/or apply for Additional New Shares. The Board also considers it unlikely that the Underwriter will be unable to place part or all of the Shortfall Shares (if there are any) to third parties prior to offering those Shortfall Shares for subscription by Ndovu in accordance with the terms of the sub-underwriting agreement.

Dilution

Shareholders who do not participate in the Rights Issue will have their Shareholdings diluted. The following is a table which sets out the dilutionary effect at various example Shareholding levels, assuming that the Rights Issue is fully subscribed and no further Shares are issued, no Options are exercised and no Performance Rights vest:

Holder	Holding at Record Date		Entitlement under the Rights Issue	Holding following the Rights Issue if no Entitlement is taken up	
	Number	%		Number	%
1	10,000,000	2.7%	1,000,000	10,000,000	2.4%
2	25,000,000	6.7%	2,500,000	25,000,000	6.1%
3	50,000,000	13.4%	5,000,000	50,000,000	12.2%
4	75,000,000	20.1%	7,500,000	75,000,000	18.3%

2.4 Consolidated Statement of Financial Position

Set out below is the audited balance sheet of the Company as at 30 June 2019, including the effect of the Rights Issue but excluding the exercise of any Options:

Unaudited Consolidated Statement of Financial Position	Audited 30 June 2019	Unaudited Proforma adjustments	Unaudited Proforma 30 June 2019
Assets			
Current			
Cash and cash equivalents	6,065,323	4,500,000	10,565,323
Trade and other receivables	136,705	-	136,705
Total Current Assets	6,202,028	4,500,000	10,702,028
Non-Current			
Trade and other receivables	2,777	-	2,777
Property, plant and equipment	25,535	-	25,535
Exploration and evaluation assets	7,474,245	-	7,474,245
Total Non-Current Assets	7,712,556	-	7,712,556
Total Assets	13,914,584	4,500,000	18,414,584
Liabilities & Equity			
Current			
Trade and other payables	646,391	-	646,391
Provisions	117,569	-	117,569
Total Current Liabilities	763,960	-	763,960
Total Liabilities	763,960	-	763,960
Net Assets	13,150,626	4,500,000	17,650,626
Equity			
Share capital	75,020,276	4,500,000	79,520,276
Reserves	3,550,988	-	3,550,988
Accumulated losses	(65,420,638)	-	(65,420,638)
Total Equity	13,150,626	4,500,000	17,650,626

The following matters make up the unaudited pro-forma adjustments:

- (a) the completion of the Rights Issue on a fully subscribed basis (excluding costs of issue)

These figures do not take into account Options that may be exercised prior to the Record Date.

Section 3 RISK FACTORS

3.1 Introduction

This Section 3 identifies the areas the Directors regard as the main risks associated with an investment in the Company. There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's business. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the business of the Company. The following summary, which is not exhaustive, represents some of the main risk factors which the Directors consider potential investors need to be aware of.

3.2 Company and mineral sands industry specific risks

(a) Capital requirements

The continued operations of the Company are dependent on its ability to obtain financing through debt and equity means, or generating sufficient cash flows from future operations. There is a risk that the Company may not be able to access capital from debt or equity markets for future projects or developments, which could have a material adverse impact on the Company's business and financial condition.

The Company's ability to borrow money will be subject to the availability of debt at the time the Company wishes to borrow money and the cost of borrowing.

(b) Operational risks

The operations of the Company may be affected by various operational risks and hazards, including inability to develop the Company's assets into an economic business; failure to locate or identify mineral deposits, over estimation of reserves; failure to achieve predicted grades in exploration and mining; failure to completely test the deposit, with the result that the Company does not completely understand the metallurgy of a deposit, which may affect extraction costs); technical difficulties encountered in exploration and mining; inappropriate design of mining plant, difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and failure to obtain necessary consents and approvals.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and potential legal liability. While the Company intends to maintain insurance with coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover such claims.

The exploration and operational costs of the Company will be based on certain

assumptions with respect to the method and timing of exploration and the nature of the operating activity. 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 any cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

There can be no assurance that any exploration tenement, or any other mining tenements acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The development timeframe for a project is dependent in part on obtaining various approvals. The time it requires to obtain such approvals is in many cases not certain. To the extent that these approvals and licences are issued at the discretion of the relevant regulatory authorities, there is no certainty that the Company will be able to obtain the grant of these necessary licences and approvals within any proposed timeframe, or at all.

(c) **Resource and reserve estimates**

Resource and reserve estimates are expressions of judgment based on knowledge, experience, industry practice and regulatory codes. Estimates that were valid when made may change significantly when new information becomes available. In addition, resource and reserve estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineral characteristics different from those predicted by past drilling, sampling and similar examinations, resource and reserve estimates may have to be adjusted and development plans may have to be altered in a way which could adversely affect the Company's operations.

(d) **Competition**

There is a risk that the Company will not be able to continue to compete profitably in supplying zircon, rutile, ilmenite and other mineral sands products. The potential exists for the nature and extent of the competition to change, which may impact the viability of the Company's projects or future operations.

(e) **Commodity price volatility**

The Company's performance and the viability of its projects will rely in part on prevailing prices for products produced from the Company's mineral sands tenements (including zircon, rutile and ilmenite), which are beyond the control of the Company. Mineral sands prices are influenced by numerous factors and events including supply and demand fluctuations, general economic conditions, forward selling activities, the level of production costs in major commodity producing regions and other macro-economic factors.

A prolonged decline in the prices of and demand for zircon, rutile and other mineral sands products may have a material adverse effect on the Company. The Company can give no assurance that fluctuations in commodity prices will not affect the timing and viability of its projects and the Company therefore gives no such assurances.

(f) **Exchange rates**

International prices of various commodities, including zircon, rutile and ilmenite, are denominated in United States dollars, whereas the income and expenditure of the Company are and will be accounted in mostly Tanzanian and Australian currencies, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and each of the Australian dollar and the Tanzanian Shilling as determined in international markets.

(g) **Land owner and access risk**

The Company may be required to pay compensation to land owners, local authorities, traditional land users and others who may have an interest in the area covered by its mining tenements.

The Company's ability to resolve such compensation issues and compensation costs may have an impact on the future success and financial performance of the Company's mining operations.

If the Company is unable to resolve such compensation claims on economic terms, this could have a material adverse effect on the business, results or operations and financial condition of the Company. Further, in Tanzania, exploration works may only begin on an exploration tenement once agreement has been reached in relation to compensation of the relevant landowners, or in the absence of agreement, once the value of the compensation is set by a court of law.

Access to land for exploration purposes can be affected by land ownership, nature reserves and national parks, government regulation and environmental restrictions. Access is critical for exploration and development to succeed and for satisfactory commercial arrangements to be negotiated with landowners, farmers and occupiers.

(h) **Title risk**

Title to a mining tenement is subject to the holder complying with the terms and conditions applicable to the tenement. There is a risk that if the holder does not comply with the terms and conditions applicable to a tenement, it may lose its rights to that tenement. In particular, all the mining tenements in Tanzania which the Company has or may, upon grant, have an interest in will be subject to expenditure and work commitments. If sufficient exploration activities have not been carried out on a mining tenement to meet the relevant Tanzanian reporting standards, the tenement may be terminated and the Company may suffer damage through loss of opportunity to develop any mineral resources on that tenement.

Further, all of the tenements in which the Company has, or will have, an interest may be subject to applications for renewal or extension from time to time. The renewal or extension of the term of each tenement is subject to the applicable legislation in the relevant jurisdiction. If a tenement is not renewed for any reason, the Company may suffer damage through loss of the opportunity to develop and discover any mineral resources on that tenement.

(i) **Sovereign risk**

The Company's exploration and development activities are carried out in Australia and

Tanzania. As a result, the Company will be subject to political, social, economic and other uncertainties including, but not limited to, changes in policies or the personnel administering them, foreign exchange restrictions, changes of law affecting foreign ownership, currency fluctuations, royalties and tax increases in that country. Other potential issues contributing to uncertainty such as repatriation of income, exploration licensing, environmental protection and government control over mineral properties, changes to political, legal, regulatory, fiscal and exchange control systems and changes in government may also impact the Company's projects or operations.

Tanzania's legal systems are less developed than more established countries and this could result in the following risks:

- (i) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute;
- (ii) a higher degree of discretion held by various government officials or agencies;
- (iii) the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights;
- (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- (v) relative inexperience of the judiciary and courts.

The commitment to local business people, government officials and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed.

(j) **Tenure and access for tenements in Tanzania**

Mining and exploration tenements in Tanzania are subject to periodic renewal. Where a licensee has met the terms of the grant, renewal will not be denied. However, if development conditions are not met there is no guarantee that current or future tenements or future applications for production tenements will be approved.

Tenements in Tanzania are also subject to expenditure and work commitments which must be met in order to keep such tenements in good standing. If there is failure to meet the commitments, this could lead to forfeiture of the tenement.

(k) **Contract risks**

The Company's subsidiaries may operate through contractual relationships with operators and sub-contractors. All contracts carry risks associated with counter-parties' performance of their obligations, including the timeliness and quality of work performed. Any disruption to services or supply may have an adverse effect on the financial performance of the Company's operations.

(l) **Regulatory risk**

Operations by the Company may require approvals from regulatory authorities which may be delayed, not be forthcoming, or which may not be able to be obtained on terms acceptable to the Company. While the Company has no reason to believe that requisite approvals will not be forthcoming, and whilst the Company's obligations for expenditure will be predicated on any requisite approvals being obtained, Shareholders should be

aware the Company cannot guarantee that requisite approvals will be obtained. A delay or failure to obtain any approvals may limit or restrict the Company's ability to acquire, develop, or operate a project, either in part or absolutely.

The regulatory environment for the Company's operations could change in ways that could substantially increase the Company's liabilities, tax liability or costs of compliance. This could materially and adversely affect the Company's financial position.

(m) **Equipment risk**

The operations of the Company could be adversely affected if essential equipment fails, is delayed or is unavailable.

(n) **Environmental**

The Company's projects are subject to various environmental laws. As with all exploration and development projects, the projects have a variety of environmental impacts. The Company will continue to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

Although the Company believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability.

Further, the Company may require approval from relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking those activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations might materially increase the Company's cost of doing business or affect its operations in any region.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses which could have a material adverse effect on the Company's business, financial condition and results of operations.

(o) **Litigation**

The Company is subject to litigation risks. All industries, including the minerals exploration and mining industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit.

Due to the inherent uncertainty of litigation processes, the resolution of any particular legal proceeding which may involve the Company could have a material effect on its financial position, results of operations, or the Company's activities.

(p) **Taxation**

Any change in laws and regulations applicable to the taxation of income, intercompany transactions, withholding taxes, levies and other transactional taxes affecting the

Company in the countries it operates in or in which it is listed, or any change in the current interpretation or any disputes with tax authorities or any changes to the Company's income mix, may adversely affect its tax status and increase its tax payable, which would have a negative effect on financial results.

3.3 General Risks

(a) Regulatory

The Company is based in Australia and is subject to Australian laws and regulations. For example, the Company is required to comply with the Corporations Act. Changes in relevant taxes, legal and administration regimes, accounting practice and government policies in the countries in which the Company operates, and may operate, may adversely affect the financial performance of the Company.

(b) Government Licences and Approvals

Failure to comply strictly with applicable laws, regulations and local practices could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company.

(c) General Economic and Political Risks

Changes may occur in the general economic and political climate in the jurisdictions in which the Company operates and on a global basis that could have an impact on economic growth, interest rates, the rate of inflation, taxation, tariff laws and domestic security which may affect the value and viability of any activity that may be conducted by the Company.

(d) Additional Requirements for Capital:

The Directors expect that the Company will have sufficient capital resources to enable the Company to achieve its initial business objectives upon settlement of the proposed transactions. However, the Directors can give no assurances that such objectives will in fact be met without future borrowings or capital raisings.

The Company's capital requirements depend on numerous factors. The Company may require further 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.

(e) Economic Risks

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

(f) 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:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) 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 energy 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.

(g) Share Market Risk

The market price of the Shares could fluctuate significantly. The market price of the Shares may fluctuate based on a number of factors including:

- (i) the Company's operating performance and the performance of competitors and other similar companies;
- (ii) the public's reaction to the Company's press releases;
- (iii) other public announcements and the Company's filings with securities regulatory authorities;
- (iv) changes in earnings estimates or recommendations by research analysts who track the Company's Shares or the shares of other companies in the sector;
- (v) changes in general economic conditions;
- (vi) the number of Shares publicly traded and the arrival or departure of key personnel; and
- (vii) acquisitions, strategic alliances or joint ventures involving the Company or its competitors.

In addition, the market price of the Shares is affected by many variables not directly related to the Company's success and are therefore not within the Company's control, including other developments that affect the market for all shares in the Company's market sector, the breadth of the public market for the Shares, and the attractiveness of alternative investments.

(h) Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects and additional assets. Any such acquisitions will be accompanied by risks commonly encountered and listed in this

section.

(i) **Claims, Liability and Litigation**

The risk of litigation is a general risk of the Company's business. There is always the risk that litigation may occur as a result of differing interpretations of obligations or outcomes.

(j) **Force Majeure**

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

(k) **Insurance risks**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(l) **Joint venture, acquisitions or other strategic investments**

The Company may make strategic investments in complementary businesses, or enter into strategic partnerships or alliances with third parties in order to enhance its business. At the date of this Prospectus, the Company is not aware of the occurrence or likely occurrence of any such risks which would have a material adverse effect on the Company or its subsidiaries.

(m) **Litigation Risks**

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

(n) **Management of growth**

There is a risk that management of the Company will not be able to implement the Company's growth strategy after completion of the Offer. The capacity of the Company's management to properly implement and manage the strategic direction of the Group may affect the Company's financial performance.

3.4 **Investment Speculative**

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 Company's securities.

Section 4 ADDITIONAL INFORMATION

4.1 Continuous disclosure obligations

The Company is a "disclosing entity" under the Corporations Act and is subject to the regime of continuous disclosure and periodic reporting requirements. Specifically, as a listed company, the Company is subject to the Listing Rules, which require continuous disclosure to the market of any information possessed by the Company which a reasonable person would expect to have a material effect on the price or value of its securities.

4.2 Applicability of Corporations Act

As a "disclosing entity", the Company has issued this Prospectus in accordance with section 713 of the Corporations Act applicable to prospectuses for an offer of securities which are continuously quoted securities of a body, or options to acquire such securities.

The New Shares to be issued under this Prospectus are ordinary shares i.e. a class of shares that were continuously quoted securities at all times in the 3 months before the issue of this Prospectus.

Accordingly, in preparing this Prospectus, regard has been had to the fact the Company is a disclosing entity for the purposes of the Corporations Act and matters may reasonably be expected to be known to investors and professional advisers whom investors may consult. It must be read in the context of, and having regard to, the Company's continuous disclosure obligations and publicly available information regarding the Company and its business.

The ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at ASX in Perth during normal working hours. In addition, copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, any regional office of ASIC.

4.3 Information available to Shareholders

The Company will provide a copy of each of the following documents, free of charge, to any investor who so requests during the application period under this Prospectus. Alternatively, they can be downloaded from ASX's website at www.asx.com.au:

- (a) the Annual Report for the Company for the period ending 30 June 2019, which was lodged with ASIC on 30 September 2019; and
- (b) the following documents used to notify ASX of information relating to the Company during the period after lodgement of the Annual Report of the Company for the period ending 30 June 2019 and before the issue of this Prospectus:

Date	Description of ASX Announcement
30 September 2019	Appendix 4G and Corporate Governance Statement
9 October 2019	Coburn Project Advances to NAIF Funding Due Diligence Stage
25 October 2019	Information under ASX Listing Rule 7.1A.4 and 3.10.5A

Date	Description of ASX Announcement
25 October 2019	Notice of Annual General Meeting/Proxy Form
30 October 2019	Quarterly Activities and Cashflow Report
12 November 2019	TZMI Congress Presentation
28 November 2019	Chairman's Address to Shareholders
28 November 2019	Results of Annual General Meeting
3 December 2019	Strandline Strikes Power Deal with Woodside-EDL JV on Coburn
5 December 2019	Appendix 3B
5 December 2019	Change of Director's Interest Notice – L Graham
5 December 2019	Change of Director's Interest Notice – P Watson
5 December 2019	Change of Director's Interest Notice – D Murcia
5 December 2019	Change of Director's Interest Notice – T Eadie
14 January 2020	Outstanding Test Results Strengthen Coburn Financial Outlook
3 February 2020	Quarterly Activities and Cashflow Report
18 February 2020	Independent Engineer Appointed for Coburn Project
24 February 2020	Trading Halt

4.4 Rights attaching to New Shares

The New Shares to be issued under the Rights Issue pursuant to this Prospectus will rank equally in all respects with Existing Shares. Full details of the rights attaching to the Shares are set out in the Company's Constitution, a copy of which can be inspected at the Company's registered office. The following is a summary of the principal rights which attach to the Shares:

(a) *Voting*

Every holder of Shares present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of Shares who is present in person or by proxy, attorney or representative has:

- (i) one vote for every fully paid Share held by him or her; and
- (ii) a fraction of one vote for each partly paid up Share held by him or her.

A poll may be demanded by the chairman of the meeting, by at least five Shareholders

entitled to vote on the particular resolution present in person, or by any one or more Shareholders who are together entitled to not less than 5% of the total voting rights of the Shares held by all Shareholders who have the right to vote on the resolution.

(b) *Dividends*

The Directors may determine that dividends are payable on Shares. New Shareholders will be entitled to dividends as a result of ownership of their New Shares in accordance with the Constitution.

(c) *Further issue of securities*

Subject to the Corporations Act and the Listing Rules, the Directors may allot, grant options over, or otherwise dispose of shares in the Company at the times and on the terms the Directors think fit but the Company shall not issue any share with a voting right more advantageous than that available to any share previously issued by the Company. A share may be issued with a preferential or special right.

(d) *Transfer of Shares*

A Shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by the Listing Rules or the Corporations Act for the purpose of facilitating dealings in Shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors.

The Directors may refuse to register any transfer of Shares, (other than a market transfer) where the Company is permitted or required to do so by the Listing Rules or the ASX Settlement Operating Rules. The Company must not prevent, delay or interfere with the generation of a proper market transfer in a manner which is contrary to the provisions of any of the Listing Rules or the ASX Settlement Operating Rules.

(e) *Meetings and notice*

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

(f) *Liquidation rights*

A liquidator may, with the authority of a special resolution of Shareholders:

- (i) distribute among the Shareholders the whole or any part of the remaining property of the Company; and
- (ii) decide how to distribute the property as between the Shareholders or different classes of Shareholders.

The liquidator may vest the whole or any part of the assets in trust for the benefit of Shareholders as the liquidator thinks fit, but no Shareholder can be compelled to accept any Shares or other securities in respect of which there is any liability.

(g) *Alteration and reduction of capital*

The Company may, by resolution, alter its capital in any manner permitted by law and, subject to the Corporations Act, the Company may by special resolution reduce its capital.

(h) *Indemnities*

Subject to the Corporations Act, the Company must indemnify each past and present officer against liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

(i) *Shareholder liability*

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

(j) *Alteration to the Constitution*

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

(k) *Listing Rules*

Despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Similarly, nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

4.5 Interests of Directors

(a) **Directors' holdings**

As at the date of this Prospectus the relevant interest of each of the Directors in the Shares, Options and Performance Rights of the Company are as follows:

Director	Shares	Vested unlisted Options ¹	Performance Rights ²
Mr Didier Marcel Murcia (Non-Executive Chairman)	897,500	4,500,000	-
Mr Luke Edward Graham (Chief Executive Officer and Managing Director)	7,565,722	-	11,267,442
Mr Ernest Thomas Eadie (Non-Executive Director)	5,977,711	3,000,000	-

Director	Shares	Vested unlisted Options ¹	Performance Rights ²
Mr John Hodder (Non-Executive Director)	-	-	-
Mr Peter Richard Watson (Executive Director)	1,063,157	-	2,101,424

Notes:

- Mr Murcia holds 1,500,000 vested unlisted Options having an exercise price of \$0.18 or 40% above the average 60-day VWAP of Shares at the time of grant (whichever is higher) and expiring on 28 November 2021, 1,500,000 vested unlisted Options having an exercise price of \$0.22 or 40% above the average 60-day VWAP of Shares at the time of grant (whichever is higher) and expiring on 28 November 2022, and 1,500,000 vested unlisted Options having an exercise price of \$0.26 or 40% above the average 60-day VWAP of Shares at the time of grant (whichever is higher) and expiring on 28 November 2023.

Mr Eadie holds 1,000,000 vested unlisted Options having an exercise price of \$0.18 or 40% above the average 60-day VWAP of Shares at the time of grant (whichever is higher) and expiring on 28 November 2021, 1,000,000 vested unlisted Options having an exercise price of \$0.22 or 40% above the average 60-day VWAP of Shares at the time of grant (whichever is higher) and expiring on 28 November 2022, and 1,000,000 vested unlisted Options having an exercise price of \$0.26 or 40% above the average 60-day VWAP of Shares at the time of grant (whichever is higher) and expiring on 28 November 2023.

- Mr Graham holds 5,500,000 unvested Performance Rights expiring 15 August 2020, 2,666,667 unvested Performance Rights expiring 15 August 2021 and 3,100,775 unvested Performance Rights expiring 15 August 2022.

Mr Watson holds 538,375 unvested Performance Rights expiring 15 August 2020, 722,700 unvested Performance Rights expiring 15 August 2021 and 840,349 unvested Performance Rights expiring 15 August 2022.

(b) Remuneration of Directors

Fees and payments to Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Executive Directors' fees and payments are reviewed annually by the Board. The base remuneration is currently \$400,000 per annum for the Managing Director, inclusive of superannuation and \$165,000 per annum for the Executive Director, inclusive of superannuation.

Non - Executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by Shareholders. The maximum currently stands at \$400,000 per annum. The level of fees for Non-Executive Directors, inclusive of superannuation, is set at \$54,750 per annum and \$110,000 per annum for the Non-Executive Chairman.

Details of remuneration provided to Directors and their associated entities during the past 2 financial years are as follows:

Financial year ended 30 June 2019

Directors	Fees / Salaries \$	Superannuation \$	Other non-monetary remuneration \$	Total \$
Didier Marcel Murcia	115,533	-	-	115,533

Directors	Fees / Salaries \$	Superannuation \$	Other non-monetary remuneration \$	Total \$
Luke Edward Graham	365,297	34,703	482,738	882,738
Ernest Thomas Eadie	45,000	4,275	-	49,275
John Russell Hodder	49,275	-	-	49,275
Peter Richard Watson	156,099	14,829	64,655	235,833

Financial year ended 30 June 2018

Directors	Fees / Salaries \$	Superannuation \$	Other non-monetary remuneration \$	Total \$
Didier Marcel Murcia	70,086	-	-	70,086
Luke Edward Graham	305,000	25,000	415,185	745,185
Ernest Thomas Eadie	35,000	3,325	-	38,325
John Russell Hodder	38,325	-	-	38,325
Peter Richard Watson	-	-	-	-

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Rights Issue; or
- the Rights Issue.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to any Director or to any company or firm

with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or his company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Rights Issue.

4.6 Interests of named persons

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Rights Issue; or
- the Rights Issue.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Rights Issue.

Morgans was appointed as the Lead Manager and Underwriter to the Rights Issue under this Prospectus pursuant to an agreement with the Company (**Underwriting Agreement**). Pursuant to the Underwriting Agreement, the Underwriter will provide services relating to the management, marketing and underwriting of the Rights Issue. Morgans has subsequently entered into a sub-underwriting agreement with Ndovu.

In consideration for the services provided pursuant to the Underwriting Agreement, the Underwriter will receive the following:

- a management fee equal to 1% of the total proceeds of the Rights Issue and Shortfall Offer;
- an underwriting fee equal to 3% of the amount determined by multiplying the Rights Issue offer price (being \$0.12) by the total number of New Shares under the Rights issue, less the number of New Shares comprised of Ndovu's Entitlement as an Eligible Shareholder; and
- a selling fee equal to 4% of the Shortfall Shares placed by the Underwriter to any third party investor other than Ndovu (provided however that if the Underwriter chooses to enter into any separate arrangements with other co-managers, brokers or sub-underwriters, then the Underwriter will be solely responsible for payment of any fees under those arrangements).

As disclosed in Section 1.16, Ndovu has entered into a sub-underwriting agreement with the Underwriter pursuant to which Ndovu has agreed to take up the outstanding Shortfall Shares

which the Underwriter was not able to place, in consultation with the Company, to any third-party investors (being investors other than Ndovu). In consideration for entering into that sub-underwriting agreement, Ndovu will be paid a fee equal to 3% of the amount determined by multiplying the Rights Issue offer price (being \$0.12) by the total number of New Shares under the Rights issue, less the number of New Shares comprised of Ndovu's Entitlement as an Eligible Shareholder.

Murcia Pestell Hillard has acted as solicitors to the Company in relation to the Rights Issue. For their professional services on this Prospectus, the Company will pay approximately \$22,500 (excluding GST). Murcia Pestell Hillard has provided other professional services to the Company during the last 2 years amounting to approximately \$170,000 (excluding GST).

Except where otherwise specified, the amounts disclosed above are exclusive of any amount of goods and services tax payable by the Company for those amounts.

4.7 Expenses of the Rights Issue

The approximate cash expenses of the Rights Issue are \$190,000. These expenses are payable by the Company.

4.8 Consents

Each of the parties referred to in this Section 4.8:

- (a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based, other than as specified in this Section 4.8; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 4.8.

Morgans has given, and has not withdrawn, its consent to being named Underwriter to the Rights Issue in this Prospectus in the form and context in which it is named. Morgans has not caused or authorised the issue of this Prospectus or the making of this Rights Issue. Morgans does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus or any omissions from this Prospectus.

Ndovu has given, and has not withdrawn, its consent to being named sub-underwriter to the Rights Issue in this Prospectus in the form and context in which it is named. Ndovu has not caused or authorised the issue of this Prospectus or the making of this Rights Issue. Ndovu does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus or any omissions from this Prospectus.

Murcia Pestell Hillard has consented to being named in this Prospectus as the solicitors to the Rights Issue and has not withdrawn such consent prior to the lodgement of this Prospectus with ASIC.

4.9 Electronic Prospectus

The offer pursuant to an Electronic Prospectus is only available to Eligible Shareholders receiving an electronic version of this Prospectus within Australia, New Zealand, Greece, Hong Kong, Singapore, the United Kingdom and the Netherlands.

If you have received this Prospectus as an Electronic Prospectus please ensure you have received

the entire Prospectus accompanied by the Entitlement and Acceptance Form and Shortfall Application Form.

If you have not, please email the Company at enquiries@strandline.com.au and the Company will send to you, free of charge, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Entitlement and Acceptance Form and/or Shortfall Application Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. New Shares will not be issued except upon receipt of valid Entitlement and Acceptance forms or Shortfall Application Forms attached to this Prospectus.

Section 5 DEFINED TERMS

\$ means Australian dollars, unless otherwise stated.

Additional New Shares means New Shares in addition to an Eligible Shareholder's Entitlement for which an Eligible Shareholder makes an Application.

Application means an application for New Shares pursuant to the Entitlement and Acceptance Form.

Application Money means the money received from Eligible Shareholders with respect to completed and returned Entitlement and Acceptance Forms.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Settlement means ASX Settlement Pty Ltd (ACN 008 504 532).

ASX Settlement Operating Rules means the settlement operating rules of ASX Settlement as amended from time to time.

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

Business Day means every day other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

CHESS means ASX Clearing House Electronic Sub-register System.

Closing Date means the closing date of the Rights Issue being Wednesday 18 March 2020, subject to the right of the Company to vary that date (in accordance with the Listing Rules).

Company or **STA** means Strandline Resources Limited (ACN 090 603 642).

Constitution means the constitution of the Company.

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

Directors mean the directors of the Company.

Electronic Prospectus means an electronic version of the Prospectus.

Eligible Shareholder means a Shareholder at the Record Date whose registered address is situated in Australia, New Zealand, Greece, Hong Kong, Singapore, the United Kingdom and the Netherlands.

Entitlement means the entitlement of an Eligible Shareholder to participate in the Rights Issue, as shown on the Entitlement and Acceptance Form.

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

Existing Shares means Shares on issue as at the Record Date.

Ineligible Shareholder means a Shareholder (or beneficial holder of Shares) at the Record Date with a registered address outside Australia, New Zealand, Greece, Hong Kong, Singapore, the United Kingdom

and the Netherlands.

Issue Date means the issue date set out in the key dates timetable on page iii of this Prospectus.

Lead Manager, Morgans or Underwriter means Morgans Corporate Limited.

Listing Rules means the Listing Rules of ASX.

Ndovu means Ndovu Capital VII B.V.

New Shares means the Shares offered under this Prospectus, the terms of which are set out in Section 4.4.

Opening Date means the opening date of the Rights Issue being Friday, 6 March 2020, subject to the right of the Company to vary that date.

Option means an option to acquire one Share.

Performance Right means a performance right that can convert into a Share subject to satisfaction of vesting conditions.

Prospectus means this prospectus dated Wednesday, 26 February 2020 and includes the Electronic Prospectus (where applicable).

Record Date means 5 pm (WST) on Tuesday, 3 March 2020.

Rights Issue means the issue pursuant to this Prospectus on a pro-rata non-renounceable basis of 1 New Share for every 10 Shares held on the Record Date at an issue price of \$0.12 per New Share.

Section means a section of this Prospectus.

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

Share Registrar means Computershare Investor Services Pty Ltd, the Company's share registrar.

Shareholder means the holder of a Share.

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

Shortfall Offer means the offer of Shortfall Shares described in Section 1.15.

Shortfall Shares means those Shares available which are not applied for by Shareholders in response to the Rights Issue described in this Prospectus.

Underwriting Agreement has the meaning given in Section 1.16.

US Securities Act means the *United States Securities Act of 1933*, as amended.

VWAP means volume weighted average price.

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

Section 6 DIRECTORS' RESPONSIBILITY STATEMENT & CONSENT

The Directors state they have made all reasonable enquiries and on that basis have reasonable grounds to believe any statements made by the Directors in this Prospectus are not misleading or deceptive and for any other statements made in this Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe persons making the statement or statements were competent to make such statements, and those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Director's knowledge, before any issue of New Shares pursuant to this Prospectus.

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

Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Dated: 26 February 2020



FLAVIO LINO GAROFALO
Company Secretary