

# AUSTAR GOLD LIMITED

## ABN 70 107 180 441

### PROSPECTUS

For the following Offers:

- **Entitlement Offer** - a 1 for 10 pro-rata non-renounceable entitlement offer to Eligible Shareholders at the Offer Price of \$0.30 per New Share, plus one free attaching New Option for every three New Shares applied for exercisable at \$0.60 per New Option on or before the New Option Expiry Date
- **Bonus Options Offer** - a pro rata non-renounceable entitlement issue of 1 Bonus Option exercisable at \$0.60 per Bonus Option on or before the New Option Expiry Date for every 10 Shares held by an Eligible Shareholder on the Record Date
- **Placement Offer** – an offer to sophisticated, institutional and/or professional Investors to apply for up to \$1.96M worth of New Shares at the Offer Price of \$0.30 per Placement Share plus one free attaching New Option for every three Placement Shares applied for exercisable at \$0.60 per New Option on or before the New Option Expiry Date

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR OUTSIDE OF AUSTRALIA OR NEW ZEALAND**

#### IMPORTANT NOTICE

This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the Corporations Act. This is an important document that should be read in its entirety. If after reading this Prospectus you have any questions about the New Shares or New Options being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser. **The New Shares and New Options being offered by this Prospectus should be considered speculative.**

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## **CORPORATE DIRECTORY**

### **DIRECTORS**

Mr Philip Amery (Non-executive Chairman)  
Mr Paul McNally (Non-executive Director)  
Mr Matthew Gill (Non-executive Director)  
Lord Christopher Wellesley (Non-executive Director)

### **COMPANY SECRETARY**

Ms Toni Griffith

### **REGISTERED OFFICE**

6 Bridge Street  
Woods Point Vic 3723  
Telephone: +61 3 5777 8268  
Email: [info@AuStargold.com](mailto:info@AuStargold.com)  
Website: [www.AuStargold.com](http://www.AuStargold.com)

### **AUDITORS \***

Hall Chadwick  
Level 40  
2 Park Street  
Sydney NSW 2000

### **SHARE REGISTRY\***

Automic Group Pty Ltd  
Level 5, 126 Phillip Street Sydney NSW 2000

Phone:  
1300 288 664 (within Australia)  
+61 2 9698 5414 (international)

Email: [hello@automic.com.au](mailto:hello@automic.com.au)  
Web site: [www.automic.com.au](http://www.automic.com.au)

\*These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.

## **IMPORTANT INFORMATION**

This Prospectus is dated 11 September 2020 and was lodged with ASIC on that date. ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates. No Securities will be issued or allotted on the basis of this Prospectus later than 13 months after the date this Prospectus was lodged with ASIC.

Application has been made or will be made to ASX within seven days after the date of this Prospectus for quotation of the Securities offered pursuant to this Prospectus. That ASX may grant quotation of the Securities offered under this Prospectus is not to be taken in any way as an indication of the merits of the Company or those Securities. ASX takes no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of the content of the Prospectus.

In preparing this Prospectus, regard has been had to the fact that ASX maintains a database of publicly disclosed information about the Company, that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to potential Investors and professional advisers with whom potential Investors may consult.

This Prospectus is a transaction specific prospectus and has been prepared in accordance with section 713 of the Corporations Act which allows the issue of a more concise prospectus in relation to an offer of continuously quoted securities. It does not contain the same level of disclosure as an initial public offering prospectus and may not contain, by itself, all information relevant to a decision to invest in the Company. In preparing the Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporation Act and that certain matters may reasonably be expected to be known to Investors and professional advisers whom Investors may consult. This Prospectus is intended to be read in conjunction with publicly available information.

### **Note to prospective Investors**

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective Investor. It is important that any prospective Investor reads this Prospectus carefully and in full before deciding whether to invest in the Company.

In considering the prospects of the Company, a prospective Investor should consider the risks that could affect the financial performance or position of the Company. A prospective Investor should carefully consider these risks in the light of their investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from their accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest. There are risks of investing in the Company outlined in Section 6 of this Prospectus, but there may be risk factors in addition to these that should be considered in the light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the Securities offered under this Prospectus or Shares issued on exercise of New Options.

No person is authorised to give any information or make any representation in connection with the Offers which is not contained in this Prospectus.

The right of Eligible Shareholders to acquire New Shares and New Options under the Entitlement Offer and to New Options under the Bonus Options Offer, and the right of participants under the Placement Offer to acquire New Shares and New Options are not transferrable.

Eligible Shareholders should carefully read and follow the instructions in this Prospectus and the accompanying personalised Entitlement and Acceptance Form (as defined below) when making the decision whether to accept your Entitlement under the Entitlement Offer (and apply for Additional New Shares and New Options under Top Up Facility, if applicable).

### **Obtaining a copy of this Prospectus**

This Prospectus may be obtained from the Company's website at <http://www.austargold.com>. Shareholders in jurisdictions other than Australia or New Zealand (including the United States), or who are, or are acting for the account or benefit of, a person in the United States or such other jurisdictions are not entitled to access the electronic version of this Prospectus. Eligible Shareholders who access the electronic version of this Prospectus on the Company's website should ensure they download and read the entire Prospectus.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus.

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

### **Statements of past performance**

Past performance and pro forma financial information included in this Prospectus is given for illustrative purposes only and should not be relied upon as (and is not) an indication of the Company's views on its future financial performance or condition. Investors should note that past performance, including past Share price performance, of the Company cannot be relied upon as an indicator of (and provides no guidance as to) the Company's future performance including future Share price performance. The historical information included in this Prospectus is, or is based on, information that has previously been released to the market.

### **Foreign Jurisdictions**

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. No action has been taken to register or qualify the New Shares and New Options or the Offers, or to otherwise permit a public offering of the New Shares and New Options under the Offers, in any jurisdiction outside Australia and New Zealand.

The distribution of this Prospectus outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. For further details regarding foreign jurisdictions, refer to Sections 8.11 – 8.13, inclusive.

In particular, the New Shares, New Options or Additional New Shares and New Options, if any, have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States unless those Securities, if any are registered under the US Securities Act, or offered or sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

### **Forward Looking Statements**

Some of the statements appearing in this document may be in the nature of forward looking statements. Past performance is not a guide to future performance. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected.

Neither the Company nor any of its officers, or any person named in this document or involved in the preparation of this document, make any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, and prospective Investors are cautioned not to place undue reliance on those statements.

The forward looking statements in this document reflect views held only as at the date of this document. The Company does not have an obligation to disseminate after the date of this document any updates or revisions to any such statements to reflect any change in expectations in

relation to those statements or any change in events, conditions or circumstances on which any of those statements are based unless required to do so under the Corporations Act to update or correct this document or pursuant to the Company's continuous disclosure obligations under the Listing Rules and the Corporations Act.

#### **Privacy statement**

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

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry. You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus.

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

#### **Defined Terms**

A number of defined terms are used in this Prospectus. Unless the contrary intention appears or the context requires otherwise, words and phrases are as defined in the glossary in Section 10. The financial amounts in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between the totals and sums of components in tables contained in this Prospectus are due to rounding.

#### **Disclaimer**

No person is authorised to give any information, or to make any representation in connection with the Offers, that is not contained in or incorporated by reference into this Prospectus. Any information or representation not contained in this Prospectus may not be relied upon as having been authorised by the Company in connection with the Offers. Neither the Company nor any other person warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Prospectus.

Dear Shareholder

On 8 September 2020, AuStar Gold Limited (**AUL, AuStar, or the Company**) announced a capital raising by way of a Placement and Entitlement Offer to raise up to \$3.2M (**Capital Raising**).

The Board of AuStar is now pleased to present this Prospectus for the following Offers:

- a pro-rata, non-renounceable entitlement offer (**Entitlement Offer**) of 1 New Share in the Company for every 10 Shares held by Eligible Shareholders on the Record Date (5.00pm AEST on 17 September 2020), at the Offer Price of \$0.30 per New Share together with 1 New Option for every 3 New Shares subscribed for, to raise up to approximately \$1.08 million (before costs);
- a pro-rata, non-renounceable entitlement issue (**Bonus Options Offer**) of 1 New Option for every 10 Shares held by Eligible Shareholders on the Record Date, at no initial cost; and
- an offer to certain sophisticated, institutional and/or professional Investors to apply for up to \$1.96 million worth of New Shares at the Offer Price per Placement Share plus one free attaching New Option for every three Placement Shares applied for (**Placement Offer**).

The Placement Shares and Placement Options will be issued to participants in the Placement Offer on 18 September 2020.

The funds raised under the Placement Offer and the Entitlement Offer will enable the Company to undertake drilling and capital investment at the Morning Star Gold Mine (**Morning Star**), substantially upgrade mine and shaft dewatering infrastructure at Morning Star, conduct in-mine and regional exploration and provide working capital for the costs of the Offer, general corporate purposes and future growth initiatives.

The Offer Price represents:

- a 10% discount to the last traded price of Shares of \$0.33 prior to the announcement of the Capital Raising on 2 September 2020;
- a discount of 20% to the company's 15 day VWAP of \$0.36; and
- a 10% discount to the 30 day VWAP of \$0.33.

### **Overview of the Entitlement Offer**

The Entitlement Offer is being made to all Eligible Shareholders who are registered as a holder of AUL Shares as at 5.00 pm (AEST) on 17 September 2020 (the **Record Date**).

The Entitlement Offer is non-renounceable. Eligible Shareholders are also invited to apply for Additional New Shares and New Options in excess of their Entitlement in accordance with the Top Up Facility described in Section 2.4. The Directors have also reserved the right to place any shortfall at their discretion within 3 months of the closing date of the Offer via the Shortfall Offer.

The Entitlement Offer is currently scheduled to close at **5.00 pm (AEDT) on 9 October 2020**. If you wish to subscribe for New Shares and New Options under the Entitlement Offer in accordance with this Prospectus, you must ensure that your application and payment is received by this time in accordance with the instructions set out in Section 2.13.

Further details on the Entitlement Offer and instructions on how to apply for your Entitlements under the Entitlement Offer are set out in Section 2.

## **The Bonus Options Offer**

The Board has also elected to make the Bonus Options Offer, which will give Eligible shareholders one Bonus Option for every 10 Shares held by them at the Record Date.

Eligible Shareholders do not need to take any action in order to receive these free Bonus Options.

Further details in relation to the Bonus Options Offer are set out in Section 3.

The Company will apply for the New Options and Bonus Options to trade on ASX. The New Options and Bonus Options may trade above or below their intrinsic value. Shareholders will be able to exercise their New Options and Bonus Options in accordance with their terms and otherwise buy or sell New Options and Bonus Options on-market.

The Board recommends that you read this Prospectus carefully and in its entirety before you decide whether to participate in the Entitlement Offer and before making a decision to exercise or deal in the New Options issued under the Entitlement Offer or the Bonus Options Offer. There are a number of risks factors that should be considered in relation to making your decision on whether to participate in the Entitlement Offer or exercise or deal in the New Options and further details of some of the key risks are set out in Section 6.

The Board takes the opportunity to thank all Shareholders and new Investors in the Company for their ongoing support of the Company.

Yours sincerely



Philip Amery  
Chair

# 1 Important Dates and Summary of the Offers

## 1.1 Important Dates\*

Event	Date
Announcement of the Placement and Entitlement and Bonus Offers	8 September 2020
Lodgement of Prospectus for Entitlement and Bonus Offers with ASIC and ASX	11 September 2020
Entitlement Offer and Bonus Offer "Ex" Date	16 September 2020
Record Date for the Entitlement Offer and the Bonus Offer	5pm (AEST) 17 September 2020
Issue and Allotment of Placement Shares and Options	18 September 2020
Despatch of Prospectus and personalised acceptance forms sent to Eligible Shareholders under the Entitlement Offer	18 September 2020
Opening Date for acceptances of the Entitlement Offer	18 September 2020
Allotment of Bonus Options	22 September 2020
Last day to extend the Entitlement Offer Closing Date	6 October 2020
Closing Date for acceptances of the Entitlement Offer	5pm (AEDT) 9 October 2020
Entitlement Offer securities quoted on a deferred settlement basis	12 October 2020
Announcement of results of Entitlement Offer	13 October 2020
Allotment of New Shares and New Options under the Entitlement Offer Dispatch of holding statements Appendix 2A to be lodged with ASX applying for quotation of all securities issued	15 October 2020
New Shares trading on a normal basis	16 October 2020

\*Dates and times in this Prospectus, including the above table, are indicative only and subject to change. Any material changes will be notified to ASX. The Company reserves the right to amend any or all of these dates and times subject to the Corporations Act, the Listing Rules and other applicable laws.

## 1.2 Summary of Offers

This Section contains a summary of each of the Entitlement Offer, the Bonus Options Offer and the Placement Offer.

Participants should read the Prospectus in full before deciding to invest in Securities.

## Summary of Entitlement Offer

Question	Summary	Where to find more information
What is the Entitlement Offer?	The Entitlement Offer provides Eligible Shareholders with the opportunity to subscribe for 1 New Share for every 10 Shares they hold at the Record Date at the Offer Price to raise up to \$1,078,576 (before costs), plus one free attaching New Option for every 3 New Shares, free of brokerage or other transaction costs.	Section 2.1
What is the Offer Price for the Entitlement Offer?	The Offer Price is \$0.30 (30 cents) per New Share, being the same issue price per New Share paid by professional, sophisticated and institutional Investors under the Placement Offer	Section 2.1
What are the terms of the New Options?	New Options are exercisable at \$0.60 per New Option on or before the New Option Expiry Date, being 31 December 2021.	Detailed terms are set out in Section 7.2
Will the New Options be listed?	Application for official quotation of the New Options offered pursuant to the Entitlement Offer will be made within seven days of the date of this Prospectus.	Section 2.12
Am I eligible to participate in the Entitlement Offer?	Only Eligible Shareholders are entitled to participate in the Entitlement Offer. An Eligible Shareholder is a person: <ul style="list-style-type: none"> <li>• who was a registered holder of Shares as at 5.00pm (AEST) on 17 September 2020 (being the Record Date for the Entitlement Offer); and</li> <li>• whose registered address was in Australia or New Zealand, or, for certain sophisticated, institutional or other limited numbers of Shareholders, whose registered address is in a jurisdiction where the Company is satisfied that it is lawful to make the Entitlement Offer and issue the New Shares and New Options under the Entitlement Offer.</li> </ul>	Section 2.5
Do I have to participate in the Entitlement Offer?	No. Participation in the Entitlement Offer is optional. If you do not participate or accept your entitlement under the Offer, the Offer will lapse and your percentage ownership in the Company will be diluted.	Sections 2.8 and 2.10
Can I transfer my entitlement to participate in the Entitlement Offer?	No. The Entitlement Offer is non-renounceable. You cannot transfer your right to participate to anyone else.	Section 2.8
What is the purpose of the funds raised under the Offers?	Funds raised from the Entitlement Offer and Placement Offer will be used for drilling and capital investment at the Morning Star Gold Mine, in-mine and regional exploration, an upgrade to mine and shaft dewatering infrastructure, working capital and the costs of the Offers.	Section 5.2
What if the Company is unable to raise	If the Company is unable to raise sufficient funds under this Prospectus it may be required to reduce the scope of or suspend its proposed work programs	Sections 5.2 and 6.1

sufficient funds?	or expenditures or it may have to consider other funding alternatives.	
What is the Entitlement Offer Period?	The Opening Date is 18 September 2020 and the Closing Date is 5.00 pm (AEDT) on 9 October 2020.	Section 1.1
Is the Entitlement Offer underwritten?	The Entitlement Offer is not underwritten.	Section 2.3
What key risk factors should be considered?	An investment in the Company should be considered speculative. There are a number of risk factors that should be considered by a prospective Investor in the Company, both of a general nature and specific to the Company, that may affect the Company's performance, operations and the market price of its Shares. Section 6 provides details of some of the key risk factors, including risks associated with the proposed Offers. There may be risk factors in addition to those set out in Section 6 and you should consider all risks in light of your personal circumstances.	Section 6
How are Applications for New Shares to be made?	Applications for New Shares and New Options are to be made by payment via BPAY® using your unique BPAY® reference number or by payment via electronic funds transfer (EFT) using your unique EFT reference number. These reference numbers are set out in your Entitlement and Acceptance Form.  Applicants do NOT need to return their completed Entitlement and Acceptance Forms to the Company.	Sections 2.13, 2.14 and 2.15
Can I pay by cheque or money order?	No, payments may only be made by BPAY® or by EFT.  In light of the substantial delays in postage times as a result of the COVID-19 pandemic, and the period the Entitlement Offer is open, it is considered unlikely that Entitlement and Acceptance Forms that are posted with a payment by cheque will be received by the Company in time for the Company to accept under the application.	Sections 2.13, 2.14 and 2.15
What is the effect of the Entitlement Offer on the Company?	The effect of the Entitlement Offer on the capital structure, financial position and control of the Company is detailed in Section 5	Sections 5.3, 5.4, 5.5 and 5.7
How can I obtain more information?	If you have further questions or enquiries regarding the Entitlement Offer please contact the Share Registry, on 1300 288 664 (within Australia) or +61 2 9698 5414 (International) between 8:30am and 5:00pm (AEST) (Monday to Friday), or via email to: <a href="mailto:corporate.actions@automicgroup.com.au">corporate.actions@automicgroup.com.au</a> .	Section 2.17

### Summary of Bonus Options Offer

Question	Summary	Where to find more information
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What is the Bonus Options Offer?	The non-renounceable entitlement issue of 1 Bonus Option for every 10 Shares held by Eligible Shareholders registered at 5.00pm (AEST) on the Record Date, at no initial cost.	Section 3.1
What is the price for the Bonus Options?	The Bonus Options are being issued for no consideration.	Section 3.1
What are the terms of the Bonus Options?	Bonus Options are exercisable at \$0.60 per Bonus Option on or before the New Option Expiry Date of 31 December 2021.  Shares issued on exercise of the Bonus Options will rank equally in all respects with existing Shares on issue at the Record Date.	Detailed terms are set out in Section 7.2
Will the New Options be listed?	The Company intends to seek Official Quotation of the New Options offered pursuant to this Prospectus.	Section 3.6
Am I eligible to participate in the Bonus Options Offer?	Only Eligible Shareholders are entitled to participate in the Bonus Options Offer. An Eligible Shareholder is a person: <ul style="list-style-type: none"> <li>• who was a registered holder of Shares as at 5.00pm (AEST) on 17 September 2020 (being the Record Date for the Entitlement Offer); and</li> <li>• whose registered address was in Australia or New Zealand, or, for certain sophisticated, institutional or other limited numbers of Shareholders, whose registered address is in a jurisdiction where the Company is satisfied that it is lawful to make the Bonus Options Offer and issue the Bonus Options under the Bonus Options Offer.</li> </ul>	Section 3.4
Do I have to do anything to participate in the Bonus Options Offer?	No. The Bonus Options will be issued to Eligible Bonus Option Shareholders based on the number of Shares registered in their name at 5.00pm (AEDT) on the Bonus Option Record Date.	Section 3.5
Can I transfer my entitlement to participate in the Bonus Options Offer?	No. The Bonus Options Offer is non-renounceable. You cannot transfer your right to participate to anyone else.	Section 3.1
How many Bonus Options will I receive?	Eligible Bonus Option Shareholders will receive one Bonus Option for every 10 Shares held by them at 5.00pm (AEST) on the Record Date.	Section 3.3
Will funds be raised under the Bonus Options Offer?	No funds will be raised as a result of the Bonus Options Offer. If all the Bonus Options are subsequently exercised, the Company will raise additional funds.	Section 3.5 and Section 5.4
Will the Bonus Options be listed on ASX?	Application for official quotation of the Bonus Options offered pursuant to the Bonus Options Offer will be made within seven days of the date of this Prospectus.	Section 3.6
What are the risks of	An investment in the Company should be considered speculative. There are a number of risk factors that	Section 6

exercising or dealing with the Bonus Options?	should be considered by an Investor in the Company, both of a general nature and specific to the Company, that may affect the Company's performance, operations and the market price of its Shares. Section 6 provides details of some of the key risk factors, including risks associated with the proposed Offers. There may be risk factors in addition to those set out in Section 6 and you should consider all risks in light of your personal circumstances.	
When will I receive my Bonus Options?	Bonus Options are expected to be issued to Eligible Shareholders on 22 September 2020. Holding statements are expected to be sent to successful Applicants shortly after the issue of the Bonus Options.	Section 3.7
When can I trade my Bonus Options?	It is expected that Bonus Options issued under the Bonus Options Offer will commence trading on ASX on 22 September 2020. You should confirm your entitlement to Bonus Options before dealing in Bonus Options.	Section 3.6
How can I obtain more information?	If you have further questions or enquiries regarding the Entitlement Offer please contact the Share Registry, on 1300 288 664 (within Australia) or +61 2 9698 5414 (International) between 8:30am and 5:00pm (AEST) (Monday to Friday), or via email to: <a href="mailto:corporate.actions@atomicgroup.com.au">corporate.actions@atomicgroup.com.au</a> .	Section 8.16

### Summary of Placement Offer

What is the Placement Offer?	The Placement Offer consists of an offer to certain sophisticated, institutional and/or professional Investors to apply for up to \$1,960,000 worth of New Shares at the Offer Price of \$0.30 per Placement Share plus one free attaching New Option for every three New Shares applied for as announced to ASX in the Capital Raising Announcement of 8 September 2020.	Section 4.1
Is the Placement Offer subject to shareholder approval?	No. Issue of the Placement Shares and the Placement Options is within the Company's placement capacity under Listing Rules 7.1 and 7.1A.	Section 4.1

## 2 Details of the Entitlement Offer

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### 2.1 The Entitlement Offer

The Entitlement Offer consists of a pro-rata non-renounceable rights offer to Eligible Shareholders of 1 New Share for every 10 Shares held at the Record Date at an issue price of \$0.30 (30 cents) per New Share (**Offer Price**) and 1 free New Option for every 3 New Shares subscribed for under the Entitlement Offer.

If fully subscribed, the Entitlement Offer will raise approximately \$1,078,576 (before costs).

The proposed use of funds raised from the Entitlement Offer is set out in Section 5.2.

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

Eligible Shareholders may apply for Additional New Shares and New Options in excess of their entitlement under the Top-Up Facility described in Section 2.4.

Eligible Shareholders will not be required to pay brokerage or other fees in respect of New Shares and New Options acquired under the Offer.

Each New Option has an exercise price of \$0.60 (60 cents) and is exercisable on or before 31 December 2021. The terms and conditions of the New Options are set out in Section 7.2.

Fractional entitlements will be rounded up to the nearest whole number. All references to numbers of New Shares and New Options to be issued pursuant to the Entitlement Offer are expressed subject to rounding.

The Entitlement Offer opens on 18 September 2020 (**Opening Date**) and is scheduled to close at 5.00pm (AEDT) on 9 October 2020 (**Closing Date**), subject to the Company's rights to extend the Entitlement Offer, close the Entitlement Offer early or withdraw the Entitlement Offer.

The Directors have also reserved the right to place any shortfall at their discretion within 3 months of the date of this Prospectus via the Shortfall Offer.

Instructions on how to accept your Entitlement under the Entitlement Offer are set out in sections 2.13 – 2.15, inclusive.

### 2.2 Investment Risks

An investment in the Company should be considered speculative. There are a number of risk factors that could potentially impact the Company and its operations. For information about these risks, please refer to Section 6. The risks identified in Section 6 are not exhaustive and Eligible Shareholders should read this Prospectus in full and seek professional advice if they require further information on material risks in deciding whether to subscribe for New Shares and New Options.

### 2.3 Not Underwritten

The Entitlement Offer is not underwritten.

## 2.4 Top-Up Facility

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

Eligible Shareholders will be entitled to apply for Additional New Shares and New Options in excess of their Entitlements at the same price as under the Entitlement Offer (**Top Up Facility**). An offer to Eligible Shareholders to acquire Additional Securities under the Top Up Facility will only be available where there is a shortfall.

All Securities to be issued under the Top Up Facility shall be issued on the same terms as the Securities being offered under the Entitlement Offer (including the Offer Price).

The offer of Additional Securities under the Top Up Facility commences on the same date as the Entitlement Offer commences and will remain open until the Closing Date.

Shareholders wishing to subscribe for Additional Securities under the Top Up Facility must apply for them in accordance with the instructions in Sections 2.13 – 2.15 and the Entitlement and Acceptance Form at the same time as they apply for new Securities under their Entitlement.

The issue of Additional Securities under the Top Up Facility is at the discretion of the Directors. Should such applications exceed the number of new Securities available, the Directors reserve full discretion as to the allocation of Additional New Shares and New Options under the Top-Up Facility.

In particular, the Directors reserve the right to issue to an Eligible Shareholder a lesser number of Additional Securities under the Top Up Facility than the number for which the Applicant applies, or to reject an Application, or to not proceed with placing Securities under the Top Up Facility. Where an application for Additional Securities under the Top Up Facility is unsuccessful, in whole or in part, relevant Application Monies will be refunded by the Company (without interest) in accordance with the provisions of the Corporations Act.

The Directors will not exercise their discretion to allocate Additional New Shares and New Options under the Top Up Facility in a way that results in a Shareholder's voting power exceeding 20% of the Company's Shares.

## 2.5 Eligible Shareholders

A person will be an Eligible Shareholder and eligible to participate in the Entitlement Offer if, as at 5.00pm (AEST) on the Record Date, being 17 September 2020:

- (a) the person was a registered holder of Shares; and
- (b) the person's registered address is in Australia or New Zealand, or, for certain sophisticated, institutional or other limited numbers of Shareholders, in jurisdictions where the Company is satisfied that it is lawful to make the Entitlement Offer and issue the New Shares and New Options under the Entitlement Offer.

The Company reserves the right to determine whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder.

This Prospectus and Entitlement and Acceptance Form will only be sent to Eligible Shareholders.

The Record Date for the Entitlement Offer is prior to the date of issue of Securities under the Placement Offer and accordingly, participants in the Placement Offer will not be entitled to participate in the Entitlement Offer in respect of New Shares issued to them under the Placement Offer.

## **2.6 Nominees and custodians**

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

## **2.7 No minimum subscription**

There is no minimum subscription for an Eligible Shareholder under the Offer.

## **2.8 No Trading of Entitlements**

The Entitlement Offer is made on a 'non-renounceable' basis, which means that you cannot sell, trade or transfer all or any part of your Entitlement to New Shares or New Options under the Entitlement Offer.

Any part of your Entitlement that is not accepted by you will lapse.

## **2.9 Refunds of excess Application Monies**

Any Application Monies received for more than the number of New Shares and New Options issued to you will be refunded as soon as reasonably practicable following the close of the Entitlement Offer. No interest will be paid on any Application Monies. Payment of any refund will be made by refund to the bank account you have nominated on the register, or if no account has been nominated, by cheque mailed to your address as last recorded in the Company's register of members.

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

## **2.10 If you do nothing**

If you do not apply pursuant to the Entitlement Offer, your Entitlement under the Offer will lapse.

If you do not apply pursuant to the Entitlement Offer, your percentage ownership in the Company will be diluted because the issue of New Shares under the Entitlement Offer and the issue of Shares on exercise of New Options under the Entitlement Offer, will increase the total number of Shares on issue.

## **2.11 Shortfall Offer**

A shortfall may arise if applications received for new Securities under the Entitlement Offer and after the completion of the Top Up Facility are less than the number of new Securities available under the Entitlement Offer (**Shortfall Securities**).

The Directors reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, to place remaining Shortfall Securities under a separate Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three (3) months following the date of this Prospectus. All Securities issued under the Shortfall Offer shall be issued on the same terms as Securities being offered under the Offer (including the issue price).

Where there are Shortfall Securities, the allocation policy of the Directors in respect of the Shortfall Securities will be to determine the allottees of the Shortfall Securities at their absolute discretion. The Board will not allocate Securities under the Shortfall Offer to any Investor where the issue of Shares to that Investor would, so far as the Board is aware, result in them having voting power of more than 20% in the Company's Shares.

There is no guarantee that Applicants for Shortfall Securities will receive any Securities applied for under the Shortfall Offer. The Directors reserve the right to issue to an Applicant a lesser number of Shortfall Securities than the number for which the Applicant applies, or to reject an Application, or to not proceed with placing the Shortfall Securities. Where an application for Shortfall Securities is unsuccessful, in whole or in part, relevant Application Monies will be refunded by the Company (without interest) in accordance with the provisions of the Corporations Act.

Investors wishing to participate in the Shortfall Offer should contact the Company to obtain a copy of this Prospectus and an Application Form.

## **2.12 ASX Listing**

Application for Official Quotation of the New Shares and New Options offered pursuant to the Entitlement Offer has been made or will be made within seven days of the date of this Prospectus.

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

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

## **2.13 Acceptance**

Your acceptance of the Entitlement Offer, or Application under the Top Up Facility, must be in accordance with the Entitlement and Acceptance Form accompanying this Prospectus.

To apply for Additional Securities under the Top Up Facility, please comply with the relevant section on the Entitlement and Acceptance Form accompanying this Prospectus and pay the relevant subscription amount for your Additional Securities at the same time as payment for your full Entitlement in accordance with the Entitlement and Acceptance Form.

### **No Payment by cheque/bank draft**

Due to the Victorian Government's direction for people to remain in their residence and other restrictions imposed by various Australian Governments in response to the COVID-19 pandemic and for the purposes of public health and safety, payments in cash or by cheque will not be accepted.

**Payments may only be made by electronic funds transfer (EFT) or BPAY®** in the manner set out below.

You may participate in the Entitlement Offer and Top Up Facility as follows:

- (a) if you wish to accept your **full Entitlement**:

- (i) refer to the Entitlement and Acceptance Form which specifies the payment amount for your full Entitlement; and
- (ii) make a BPAY® payment or EFT in respect of your full Entitlement by following the instructions on the Entitlement and Acceptance Form (refer to section 2.15 for further details); or

- (b) if you only wish to accept **part of your Entitlement**:
- (i) calculate the payment amount for the portion of your Entitlement that you wish to take up by completing the Partial Entitlement section of the Entitlement and Acceptance Form; and
  - (ii) make a BPAY® payment or EFT in respect of the portion of your Entitlement that you wish to take up by following the instructions on the Entitlement and Acceptance Form (refer to section 2.15 for further details); or
- (c) if you accept your full Entitlement and also wish to participate in the **Top Up Facility**:
- (i) complete the Top Up Facility section in the Entitlement and Acceptance Form; and
  - (ii) make a BPAY® payment or EFT of the total payment amount for your Full Entitlement AND your participation in the Top Up Facility by following the instructions on the Entitlement and Acceptance Form (refer to section 2.15 for further details); or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

It is your responsibility to ensure that your BPAY® payment or payment by EFT is received by the Share Registry by no later than 5.00pm (AEST) on the Closing Date.

You should be aware that your financial institution may implement earlier cut off times with regards to electronic payment and you should therefore take this into consideration when making payment.

## **2.14 No return of Entitlement and Acceptance Forms**

In light of the substantial delays in postage times as a result of the COVID-19 pandemic, and the period the Entitlement Offer is open, it is considered unlikely that Entitlement and Acceptance Forms that are posted with a payment by cheque will be received by the Company in time for the Company to accept under the application. In light of this, and for the reasons outlined in Section 2.13 above, the Company has resolved that **payments must be made by BPAY® or by EFT** and may not be made by cheque or money order.

As such, **Applicants do NOT need to return their completed Entitlement and Acceptance Forms** to the Company.

## **2.15 Payment by BPAY® or EFT**

For payment by BPAY® or EFT, please follow the instructions on the Entitlement and Acceptance Form.

You can only make a payment via:

- (a) BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions; or
- (b) EFT if you are a holder of an account that supports EFT transactions to an Australian bank account.

Please note that when you pay by BPAY® or EFT:

- (c) 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;
- (d) 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;
- (e) if you pay for more than your full Entitlement, you are deemed to have applied for such whole number of Additional New Shares which is covered in full by your Application Monies paid in excess of your full Entitlement; and
- (f) if you have multiple holdings you will have multiple unique reference numbers. To ensure that you receive your Entitlement in respect of each holding, you must use the unique reference number shown on each personalised Entitlement & Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding. Payments in excess of the amount payable for one holding will not be treated as payment for another holding, and the excess will be refunded to the Applicant without interest.

## **2.16 Representations and warranties**

By making a payment by BPAY® or EFT for the Entitlement Offer or Shortfall Offer you will be deemed to have:

- (a) acknowledged that you have fully read and understood this Prospectus and the Entitlement and Acceptance Form or Application Form in their entirety, and you acknowledge the matters, including the risks summarised in Section 6, and make the warranties and representations and agreements contained in this Prospectus and the Entitlement and Acceptance Form or Application Form, as the case may be;
- (b) declared that you are an Eligible Shareholder;
- (c) acknowledged that once a BPAY® payment instruction is given or an EFT is made, you may not withdraw your application or funds provided except as allowed by law;
- (d) agreed to apply for and be issued up to the number of New Shares and New Options and Additional New Shares and New Options for which you have submitted payment, at the Offer Price per New Share;
- (e) acknowledged that the information contained in this Prospectus and your Entitlement and Acceptance Form is not investment advice nor a recommendation that the New Shares and New Options are suitable for you given your investment objectives, financial situation or particular needs and that you have made your own enquiries before making an investment decision;
- (f) acknowledged that none of the Company or its related bodies corporate, affiliates and none of its or their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital nor the exercise of any of the Company's discretions referred to in this Prospectus;
- (g) declared that you are in compliance with all relevant laws and regulations (including, without limitation, section 1043A of the Corporations Act and laws and regulations designed to restrict terrorism financing and/or money laundering); and
- (h) agreed to provide any requested substantiation of your eligibility to participate in the Offers and your holding of Shares on the Record Date.

If you are a sophisticated, professional, institutional or other Shareholder or potential Investor in a jurisdiction outside of Australia or New Zealand and the Entitlement Offer or Shortfall Offer is extended to you, you further warrant, represent and agree that:

- (i) it is lawful for the Company to extend the Offers to you and for you to accept the Offers without the Company being required to take any further action in the relevant jurisdiction concerned;
- (j) you are responsible for ensuring that your applying for New Shares under the Offers and your receipt of New Options under the Offers does not breach any laws or regulations in the relevant jurisdiction; and
- (k) that there has been no breach of any such laws and regulations and all necessary approvals and consents have been obtained by you to the extension of the Offers to you and your acceptance of the Offers.

### **2.17 Enquiries**

Any questions concerning the Entitlement Offer should be directed to the Share Registry, on 1300 288 664 (within Australia) or +61 2 9698 5414 (International) between 8:30am and 5:00pm (AEST) (Monday to Friday), or via email to: corporate.actions@automicgroup.com.au.

## **3 Details of the Bonus Options Offer**

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### **3.1 Acceptance**

The Bonus Options Offer is being made as a non-renounceable entitlement issue of one (1) Bonus Option for every ten (10) Shares held by Eligible Shareholders registered at 5.00pm (AEST) on the Record Date, at no initial cost.

Fractional entitlements will be rounded up to the nearest whole number. All references to numbers of Bonus Options to be issued pursuant to the Bonus Options Offer are expressed subject to rounding.

The Bonus Options granted under the Bonus Options Offer will be exercisable at \$0.60 on or before 5.00pm (AEDT) on 31 December 2021 (**New Options Expiry Date**) and otherwise on the terms set out in Section 7.2 of this Prospectus.

Based on the capital structure of the Company as at 10 September 2020, being the last day on which the Company's securities traded on ASX prior to lodgement of this Prospectus, approximately 3,595,253 Bonus Options will be issued pursuant to the Bonus Options Offer.

The final number of New Options issued under the Bonus Options Offer will depend on the total number of Shares held by Eligible Shareholders on issue at the Record Date, and the effect of rounding.

The Bonus Options Offer is non-renounceable, which means that Eligible Shareholders may not transfer their rights to any Bonus Options offered under the Bonus Options Offer.

### **3.2 Investment Risks**

Shareholders should be aware that subscribing for and holding Securities in the Company involves risk. There are a number of risk factors that could potentially impact the Company and its operations. For information about these risks, please refer to Section 6. The risks identified in Section 6 are not exhaustive and Eligible Shareholders should read this Prospectus in full and seek professional advice if they require further information in relation to the issue and exercise of Bonus Options under the Bonus Options Offer.

### **3.3 Entitlement to Bonus Options**

One (1) New Option will be issued for every ten (10) Shares held by Eligible Shareholders, based on the number of Shares registered in their name at 5.00pm (AEST) on the Record Date.

### **3.4 Eligible Shareholders**

The Bonus Options Offer is only made to Eligible Shareholders.

A person will be an Eligible Shareholder for the purposes of the Bonus Options Offer if, as at 5.00pm (AEST) on the Record Date, being 17 September 2020:

- (a) the person was a registered holder of Shares; and
- (b) the person's registered address is in Australia or New Zealand, or, for certain sophisticated, institutional or other limited numbers of Shareholders, in jurisdictions where the Company is satisfied that it is lawful to make the Bonus Options Offer and issue the Bonus Options under the Bonus Options Offer.

The Company reserves the right to determine whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder.

The Record Date for the Bonus Options Offer is prior to the date of issue of Securities under the Placement Offer and accordingly, participants in the Placement Offer will not be entitled to participate in the Bonus Options Offer in respect of New Shares issued to them under the Placement Offer.

### **3.5 No application required**

As the Bonus Options are being issued free of charge, no application needs to be made for Bonus Options under the Bonus Options Offer and no action is required to be taken in order for Eligible Shareholders to receive Bonus Options under the Bonus Options Offer.

### **3.6 ASX Listing of New Options**

Application for Official Quotation of the Bonus Options offered pursuant to the Bonus Options Offer has been made or will be made within seven days of the date of this Prospectus.

If the Bonus Options are not admitted to Official Quotation by ASX before the expiration of three months after the date of issue of this Prospectus, or such period as varied by ASIC, the Bonus Options will be unlisted.

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

It is the responsibility of Eligible Shareholders to determine their entitlement to Bonus Options prior to dealing in Bonus Options. Shareholders who sell any Bonus Options before they receive their holding statements will do so at their own risk.

### **3.7 Issue of Bonus Options**

Bonus Options issued pursuant to the Bonus Options Offer will be issued in accordance with the Listing Rules and the timetable set out in Section 1.1 of this Prospectus.

The Company expects that the Bonus Options will be issued on 22 September 2020. Holding statements are expected to be dispatched by 22 September 2020. These dates are subject to change at the discretion of the Company.

### **3.8 Rights attaching to Bonus Options**

The rights and liabilities attaching to the Bonus Options are set out in Section 7.2 of this Prospectus. Shares issued on exercise of the Bonus Options will rank equally in all respect with existing Shares on issue. The rights and liabilities attaching to Shares are set out in Section 7.1 of this Prospectus.

### **3.9 Fees and Commissions**

The Directors do not anticipate that any fees or commissions will be paid in association with the Bonus Options Offer.

### **3.10 Taxation**

It is the responsibility of all Investors to satisfy themselves of the particular taxation treatment that applies to them in relation to the Bonus Options Offer, by consulting their own professional tax advisors. The Company and the Directors do not accept any liability or responsibility in respect of the taxation consequences of the matters referred to in this Prospectus.

### **3.11 Enquiries**

Any questions concerning the Bonus Options Offer should be directed to the Share Registry, on 1300 288 664 (within Australia) or +61 2 9698 5414 (International) between 8:30am and 5:00pm (AEST) (Monday to Friday), or via email to: corporate.actions@automicgroup.com.au.

## **4 Details of the Placement Offer**

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### **4.1 Placement Offer**

The Placement Offer consists of an offer to certain sophisticated, institutional and/or professional Investors to apply for up to \$1,960,000 worth of New Shares at the Offer Price of \$0.30 per Placement Share plus one free attaching New Option for every three New Shares applied for as announced to ASX in the Capital Raising Announcement of 8 September 2020 (**Placement Offer**).

The total number of New Shares to be issued under the Placement Offer is 6,533,333 New Shares (**Placement Shares**) and the total number of New Options to be issued is 2,177,778 New Options (**Placement Options**).

The Placement Shares and Placement Options will be issued on 18 September 2020.

Issue of the Placement Shares and the Placement Options is within the Company's Listing Rule 7.1 and 7.1A placement capacity and, accordingly, no Shareholder approval to their issue is required.

The Placement Shares offered under the Placement Offer will rank equally with the existing Shares on issue. A summary of the material rights and liabilities attaching to the Shares is set out in Section 7.1. The rights and liabilities attaching to the Placement Options are set out in Section 7.2. Shares issued on exercise of the Placement Options will rank equally in all respect with existing Shares on issue.

## 5 Purpose and Effect of the Offers

### 5.1 Purpose of the Offers

The purpose of the Entitlement Offer is to raise up to approximately \$1,078,576 (assuming that the number of Shares on issue at the Record Date is the same as the number of Shares on issue on 10 September 2020, being the last day on which the Company's Securities traded on ASX prior to lodgement of this Prospectus, and that the Entitlement Offer is fully subscribed) and to provide the Company with a potential source of additional capital if the New Options are exercised.

The Company currently has 10,190 Convertible Notes on issue, which may be converted into 5,095,000 Shares in the Company at a conversion price of \$0.20 per Share. The Company also has 2,680,000, 20 Cent Options on issue which, if exercised at the exercise price of \$0.20 per 20 Cent Option will result in the issue of 2,680,000 Shares. Assuming all Convertible Notes and the 20 Cent Options are converted or exercised prior to the Record Date, and the holders of Convertible Notes and 20 Cent Options accept their full Entitlements under the Entitlement Offer, an additional \$233,250 will be raised in the Entitlement Offer.

The purpose of the Bonus Options Offer is to reward Eligible Shareholders for supporting the Company and to provide the Company with a potential source of additional capital if the Bonus Options are exercised.

The purpose of the Placement Offer is to raise up to approximately \$1,960,000 and to provide the Company with a potential source of additional capital if the New Options are exercised.

### 5.2 Use of Funds

The funds raised from the Placement Offer (\$1,960,000) and the Entitlement Offer (\$1,078,576), assuming that the number of Shares on issue at the Record Date is the same as the number of Shares on issue on 10 September 2020, being the last day on which the Company's Securities traded on ASX prior to lodgement of this Prospectus, and that the Entitlement Offer is fully subscribed, will provide the Company with additional capital of \$3,038,576 which is planned to be used in accordance with the table below:

Source of Funds	\$
Proceeds from the Placement Offer	\$1,960,000
Proceeds from the Entitlement Offer*	\$1,078,576
<b>Total Funds Raised on completion of the Placement Offer and the Entitlement Offer</b>	<b>\$3,038,576</b>

Proposed Use of Funds*	\$
Drilling and capital investment at Morning Star Gold Mine	600,000
Upgrade to mine and shaft dewatering infrastructure at Morningstar	250,000
Regional Exploration and associated drilling fleet	1,250,000
Costs of the Offers	167,506
Working Capital, general corporate purposes and future growth initiatives	771,070
<b>Proposed Use of Funds*</b>	<b>\$3,038,576</b>

\*The above tables assume that the number of Shares on issue at the Record Date is the same as the number of Shares on issue 10 September 2020, being the last day on which the Company's Securities traded on ASX prior to lodgement of this Prospectus, and that there is maximum subscription under the Entitlement Offer. In the event that all Convertible Notes and 20 Cent Options on issue are converted or exercised prior to the Record Date and assuming the maximum subscription under the Entitlement Offer, the Entitlement Offer will raise an additional \$233,250 which will be applied towards working capital.

The above Use of Funds table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

Depending on the total amount raised from the Entitlement Offer, the Company may be required to reduce the scope or suspend all or part of its proposed work programs and expenditures outlined in the Use of Funds table above. In the event that the Entitlement Offer is not fully subscribed (and the Top Up Facility or Shortfall Offer are also not fully subscribed), the Company shall apply the actual proceeds raised by the Offers first towards the costs of the Offers, with other proposed work programs and expenditures outlined in the Use of Funds table prioritised and the proposed work programs and expenditures undertaken in the order of priority depending on the total amount raised from the Entitlement Offer. The Board reserves the right to alter the priority and proportions in which funds raised are applied.

In the event that insufficient funds are raised to meet the expenses of the Entitlement Offer, the Company intends to use its existing working capital to meet the expenses of the Entitlement Offer.

Additional funds may become available to the Company, should the New Options be exercised on or before the New Option Expiry Date (31 December 2021), however, the Company is not relying on these additional funds for its planned work programs.

### 5.3 Effect of the Offers on capital structure

The effect of the Entitlement Offer on the Company's capital structure, assuming that the number of Shares on issue at the Record Date is the same as the number of Shares on issue on 10 September 2020, being the last day on which the Company's Securities traded on ASX prior to lodgement of this Prospectus and that the Entitlement Offer is fully subscribed, is set out below:

<b>Shares</b>	
<b>Shares on issue as at the date of this Prospectus</b>	<b>35,952,530</b>
New Shares issued pursuant to the Placement Offer	<b>6,533,333</b>
New Shares issued pursuant to the Entitlement Offer <sup>1</sup>	3,595,253
<b>Total Shares on issue on completion of the Offers<sup>1</sup></b>	<b>46,081,116</b>
<b>Total Diluted Share Capital<sup>2</sup></b>	<b>65,704,547</b>

Notes:

1. Final numbers are subject to rounding of fractional entitlements.
2. The Total Diluted Share Capital represents that total Shares on issue if all Options on issue on completion of the Offers as set out in the table below are exercised after the date of completion of the Offers and the other Convertible Securities described below vest or are converted after the date of completion of the Offers.

<b>Options</b>	
<b>Options on issue as at the date of this Prospectus:</b>	
Listed Options Exp 30/09/2020 at \$1.00	3,276,982
AULOPT1: Unlisted Options Exp 30/11/2021 @ \$2	150,000
AULOPT3: Unlisted Options Exp 08/09/21 @ \$1.80	300,000
AULOPT4: Unlisted Options Exp 30/06/2021 @ \$0.20	2,680,000
<b>Total Options on issue as at the date of this Prospectus</b>	<b>6,406,982</b>
New Options to be issued under the Placement Offer	2,177,778
New Options to be issued under the Bonus Options Offer*	3,595,253
New Options to be issued under the Entitlement Offer*	1,198,418
<b>Total New Options to be issued under the Offers</b>	<b>6,971,449</b>
<b>Total Options on issue on completion of the Offers *</b>	<b>13,378,431</b>

\* final numbers are subject to rounding of fractional entitlements.

#### **Other Convertible Securities**

The Company also has the following Securities on issue as at 10 September 2020:

- (a) 1,150,000 Performance Rights on Issue, subject to vesting conditions, which will not be affected by the Offers; and
- (b) 10,190 Convertible Notes outstanding, which at the election of the holders may be converted into 5,095,000 Shares in the Company at the price of \$0.20 per Share prior to the maturity date of 31 March 2021.

In the event that all Convertible Notes and 20 Cent Options on issue at the date of this Prospectus are converted or exercised prior to the Record Date, and assuming the Entitlement Offer is fully subscribed, the effect on the above capital structure will be\*:

- an additional 7,775,000 Shares on issue at the Record Date;
- the issue of an additional 777,500 New Shares under the Entitlement Offer;
- to increase the total Shares on issue on completion of the Offers to 54,633,616 Shares;
- the issue of an additional 259,167 New Options under the Entitlement Offer and the issue of an additional 777,500 Bonus Options under the Bonus Options Offer; and
- to increase the Total New Options on issue on completion of the Offers to 8,008,116 New Options.

\* subject to rounding of fractional entitlements.

#### **5.4 Financial effect of the Offers**

The effect of the Offers on the Company's cash reserves is set out below assuming that the number of Shares on issue at the Record Date is the same as the number of Shares on issue on 10 September 2020, being the last day on which the Company's Securities traded on ASX prior to lodgement of this Prospectus, and that the Entitlement Offer is fully subscribed.

<b>Financial effect</b>	<b>\$</b>
Increase in the Company's cash balance as a result of the Entitlement Offer	1,078,576
Increase in the Company's cash reserves as a result of the Placement Offer	1,960,000
Estimated costs of the Offers*	(\$167,506)
<b>Net increase in the Company's cash balance</b>	<b>\$2,871,070</b>

\*Section 8.9 provides further details on the estimated costs of the Offers.

Assuming all Convertible Notes and all 20 Cent Options are converted or exercised prior to the Record Date, and the holders of Convertible Notes and 20 Cent Options accept their full Entitlements under the Entitlement Offer, an additional \$233,250 will be raised in the Entitlement Offer.

As the New Options under the Offers are being issued for nil consideration, the issue of New Options will not have any immediate effect on the Company's financial position. However, for every New Option that is exercised on or before the New Option Expiry Date, the Company will receive \$0.60 and its issued capital will increase by one Share. These funds are not included in the above table, given the uncertainty around the number of New Options to be ultimately issued and whether and when any of the New Options will be exercised. If all New Options offered under this Prospectus are issued (assuming that the number of Shares on issue at the Record Date is the same as the number of Shares on issue on 10 September 2020, being the last day on which the Company's Securities traded on ASX prior to lodgement of this Prospectus, and that the Entitlement Offer is fully subscribed) and all of those New Options are subsequently exercised, the Company will be paid exercise proceeds of \$4,182,869.

Assuming all Convertible Notes and all 20 Cent Options are converted or exercised prior to the Record Date, and the holders of Convertible Notes and 20 Cent Options accept their full Entitlements under the Entitlement Offer, an additional 1,036,667 New Options will be issued, and if all those New Options are subsequently exercised, the Company would be paid additional proceeds of \$622,000.

## **5.5 Pro-forma statement of financial position**

The audit reviewed statement of financial position as at 31 December 2019, the unaudited management accounts statement of financial position of 30 June 2020 and the unaudited pro-forma statement of financial position as at 30 June 2020 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma statement of financial position has been prepared to provide an indication on the effect of the Offers on the financial position of the Company assuming that the number of Shares on issue at the Record Date is the same as the number of Shares on issue on 10 September 2020, being the last day on which the Company's securities traded on ASX prior to lodgement of this Prospectus and that the Entitlement Offer is fully subscribed. It has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Reviewed 31-Dec 2019 \$ Reviewed	Unaudited 30-Jun 2020 \$ (UnAudited)	Pro Forma 30-Jun 2020 \$ (UnAudited)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$44,298	\$155,261	\$3,026,331
Trade and other receivables	\$419,156	\$116,473	\$116,473
Other assets	\$33,927	\$91,754	\$91,754
Inventories	\$721,916	\$735,740	\$735,740
<b>Total Current Assets</b>	<b>\$1,219,297</b>	<b>\$1,099,228</b>	<b>\$3,970,298</b>
<b>Non-Current Assets</b>			
Other assets	\$9,728	\$9,628	\$9,628
Exploration and evaluation expenditure	-	\$32,275	\$32,275
Plant and equipment	\$458,262	\$627,410	\$627,410
<b>Total Non-Current Assets</b>	<b>\$467,990</b>	<b>\$669,313</b>	<b>\$669,313</b>
<b>Total Assets</b>	<b>\$1,687,287</b>	<b>\$1,768,541</b>	<b>\$4,639,611</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	\$2,041,448	\$1,170,302	\$1,170,302
Borrowings	\$363,124	\$1,637,045	\$1,637,045
<b>Total Current Liabilities</b>	<b>\$2,404,572</b>	<b>\$2,807,347</b>	<b>\$2,807,347</b>
<b>Total Liabilities</b>	<b>\$2,404,572</b>	<b>\$2,807,347</b>	<b>\$2,807,347</b>
<b>Net (Deficiency)/Assets</b>	<b>(\$717,285)</b>	<b>(\$1,038,806)</b>	<b>\$1,832,264</b>
<b>EQUITY</b>			
Contributed equity	\$41,259,873	\$41,259,773	\$44,130,843
Reserves	\$2,225,584	\$2,435,164	\$2,435,164
Accumulated losses	(\$43,701,369)	(\$44,269,734)	(\$44,269,734)
<b>Equity attributable to members of the consolidated entity</b>	<b>(\$215,912)</b>	<b>(\$574,798)</b>	<b>\$2,296,272</b>
Non-controlling interest	(\$501,373)	(\$464,008)	(\$464,008)
<b>Total Equity</b>	<b>(\$717,285)</b>	<b>(\$1,038,806)</b>	<b>\$1,832,264</b>

Notes: The pro-forma statement of financial position includes the \$1,960,000 being raised under the Placement Offer and the \$1,078,576 being raised under the Entitlement Offer (assuming that the number of Shares on issue at the Record Date is the same as the number of Shares on issue on 10 September 2020, being the last day on which the Company's Securities traded on ASX prior to lodgement of this Prospectus, and that the Entitlement Offer is fully subscribed) after deducting the estimated costs of the Offers.

## 5.6 Details of substantial holders

The current substantial Shareholders of the Company as at 10 September 2020, being the last day on which the Company's Securities traded on ASX prior to lodgement of this Prospectus, according to substantial holding notices lodged with the Company, are as follows:

NAME	Number of Shares Currently Held	Voting Power*
Mr Paul McNally (in respect of relevant interests in the Shareholdings of McNally Clan Investments Pty Ltd and P J and V McNally)	4,243,547	11.80%
Mr Peter Kampfner (in respect of relevant interests in the Shareholdings of Kassa Corporation Pty Ltd, P Kampfner Pty Ltd and Mr Peter Kampfner)	2,174,000	6.04%

\* percentage interests in the above table have been calculated on the basis of the issued share capital of the Company on 10 September 2020.

## 5.7 Effect of the Offers on control

### The Entitlement Offer

The potential effect that the Entitlement Offer will have on the control of the Company will depend on various factors. Particularly, the effect on control will depend on the take up by Eligible Shareholders of their Entitlements, the allocation of New Shares via the Top Up Facility and/or the Shortfall Offer.

If all Eligible Shareholders subscribe for their full Entitlement, and there is no Top Up Facility then each Eligible Shareholder's percentage ownership interest (and voting power) in the Company will remain the same and there will be no effect on the control of the Company.

If an Eligible Shareholder does not take up all of their Entitlement its percentage ownership interest (and voting power) in the Company will be diluted if other Eligible Shareholders participate.

Any increase in the voting power of the substantial Shareholders set out in Section 5.6 will depend upon whether they choose to participate in the Entitlement Offer and the extent to which the Entitlement Offer is subscribed, whether they participate in the Top Up Facility and whether they choose to participate in the Shortfall Offer, if any.

### The Bonus Options Offer

The issue of the Bonus Options under the Bonus Option Offer will have no effect on the control of the Company, however, if Eligible Bonus Option Shareholders subsequently choose to exercise the Bonus Options issued to them, it may affect their overall percentage shareholding.

## The Placement Offer

The Placement Offer has not been made to any existing substantial holder of the Company listed in Section 5.6, or any Related Party of the Company. Accordingly, assuming that the number of Shares on issue at the Record Date is the same as the number of Shares on issue on 10 September 2020, being the last day on which the Company's Securities traded on ASX prior to lodgement of this Prospectus, the holdings of all Shareholders will be diluted by approximately 15% by the Placement Offer.

## 5.8 Top 20 Shareholders

The top 20 Shareholders of the Company as at 10 September 2020, being the last day on which the Company's securities traded on ASX prior to lodgement of this Prospectus, are as follows:

Rank	Holder/Group Name	No of Shares	%
1	MCNALLY CLAN INVESTMENTS PTY LTD	4,098,547	11.40%
2	CHESBREEZE PTY LTD <AFM SUPER FUND ACCOUNT>	1,168,203	3.25%
3	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,108,968	3.08%
4	JHS & D PTY LTD <LEWIS FAMILY A/C>	1,106,903	3.08%
5	KASSA CORPORATION PTY LTD <PETER KAMPFNER FAMILY A/C>	919,000	2.56%
6	MR ALAN MAXWELL FROST	861,334	2.40%
7	P KAMPFNER PTY LTD <P KAMPFNER SUPER FUND A/C>	800,000	2.23%
8	PW AND VJ COOPER PTY LIMITED <P W & V J COOPER S/F A/C>	732,223	2.04%
9	ELTON HOLDINGS PTY LTD	607,469	1.69%
10	SAXON ACQUISITIONS PTY LTD <DON'T PANIC DISC A/C>	581,667	1.62%
11	MRS CATHERINE ANNE MARSON & MR JOSEPH MARSON <THE MARSON FAMILY S/F A/C>	525,000	1.46%
12	CITICORP NOMINEES PTY LIMITED	493,928	1.37%
13	NAMBIA PTY LTD <ANTHON FAMILY S/F A/C>	433,334	1.21%
14	MS LIYU SHEN	417,034	1.16%
15	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	405,462	1.13%
16	KASSA CORPORATION PTY LTD <PETER KAMPFNER FAMILY A/C>	394,682	1.10%
17	C W BOSWERGER & S N BOSWERGER & W M BOSWERGER	376,374	1.05%
18	MAEANDER HOLDINGS PTY LTD	355,890	0.99%
19	MR KEVIN BANKS SMITH	350,000	0.97%
20	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	347,723	0.97%
	<b>Total</b>	<b>16,083,741</b>	<b>44.74%</b>

\*percentage interests in the above table have been calculated on the basis of the issued share capital of the Company on 10 September 2020.

## **6 Risk factors**

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There are a number of risk factors that could potentially impact the Company and its operations. Prospective new Investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus and the publicly available information about the Company, including previous disclosures made by the Company in accordance with its periodic and continuous disclosure obligations, before deciding whether to participate in the Offer.

The below list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by Investors in the Company. Other factors not specifically referred to may in the future materially affect the financial performance of the Company and the value of the securities offered under the Offer. Therefore, the securities to be issued pursuant to the Offer carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential Investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to participate in the Offer.

### **6.1 Financing Risk**

As recognised in the Company's Half Yearly Financial Report released on ASX on 16 March 2020, the Company incurred a net loss for the half year ended 31 December 2019 of \$904,243 and had net current liabilities \$1,185,275. While the Board is of the view that the Company will be able to continue as a going concern, the Company may not generate sufficient funds from this capital raising nor generate sufficient funds from its operations to fund its planned activities and may need to raise additional funds in the future. There is no guarantee that the Entitlement Offer will be fully subscribed. Any additional equity financing will dilute shareholdings and may have a negative impact on the Company's share price. If the Company is unable to raise sufficient funds under this Prospectus, it may have to reduce the scope or suspend all or part of its proposed work programs outlined in Section 5.2 or it may have to consider other funding alternatives. These alternatives could include additional equity funding, debt funding, joint venture or farm-out arrangements, alternative funding arrangements (e.g. streaming finance or convertible loan) or asset sales. None of these alternatives have been determined at present, and any need to implement a funding alternative would be considered if the need arises having regard to the circumstances at that time. There is no assurance that the Company will be able to implement any specific alternative. Any additional equity funding may have a dilutionary impact on a Shareholder's holding in the Company. The implementation of any of the alternative funding arrangement may also affect the market price of the shares.

### **6.2 Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities. The underlying price of gold is a key factor in the Company's performance and one over which the Company has no control.

If activities cannot be funded, there is a risk that tenements may have to be surrendered or not renewed. Furthermore, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as general economic outlook, interest rates and inflation rates, currency fluctuations, changes in investor sentiment toward particular market sectors, the demand for, and supply of, capital, terrorism or other hostilities; and government fiscal, monetary and regulatory policies.

None of the Company, the Company's directors or officers warrant the future performance of the Company or any return on an investment in the Company.

### **6.3 Operating Risks**

The Company's operations may be affected by various factors, including failure to achieve predicted grades or production rates, operational and technical difficulties, 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, availability of sufficient and suitably qualified personnel, tailings disposal capacity constraints, failure to secure approvals to amendments to work plans required for the operations, capacity to process and mine and the additional capital investment, if any, required to upgrade or replace existing plant and equipment as required by the business or operations. Losses resulting from any of these risks could have a materially adverse effect on the Company's financial resources or could result in a total loss of the assets affected, and accordingly, may affect the market price of the shares.

### **6.4 Development Risks**

Mineral development is a high risk undertaking and successful development cannot be guaranteed. The Company's financial performance will substantially depend on the accuracy of the cost estimates for the proposed development, other current and future expansion, development and infrastructure plans, working capital requirements and the duration of relevant works program. The cost and time forecasts are estimates only, based on assumptions including those in relation to study costs, scope and duration, the approvals process and timeline estimated, and operational issues, all of which are subject to uncertainty. An increase in capital/operating costs, an increase in the study timelines, and delays to planned projects could have an adverse impact on the Company's performance.

### **6.5 Exploration Risks**

The business of exploration for gold and other minerals and their development involves a significant degree of risk and depends on factors that include successful exploration and the establishment of Resources and Reserves within the meaning of the 2012 JORC Code and completion of feasibility and other studies in relation to such projects and the Company may not be successful in doing so.

There is no assurance that future exploration expenditure will result in discoveries or upgrade existing mineralisation to the stage where such can be successfully commercially exploited.

### **6.6 Mineral and Resource Risks**

Exploration involves a significant degree of risk and exploration operations can be hampered by force majeure circumstances and cost overruns for unforeseen events, including unexpected variations in geology and equipment malfunction.

Mineral Resources which are not Ore Reserves (as defined in the 2012 JORC Code) do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, operational cost, metal price, mining control, dilution or other relevant issues.

The category of reported Inferred Mineral Resources is the lowest level of confidence under the 2012 JORC Code. The evaluation of these resources with the intention of upgrading resource categories and converting them to reserves is impacted by a number of issues, including mining dilution, metallurgical recovery and grade variability. There can be no guarantee that the resources will be developed to the point of production.

## **6.7 Reserve categories, conversion of resources to reserves and the identification of mining inventory generally**

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

Due to the nature of the mineralisation at its mines, the Company does not have substantial current Mineral Resources on which mining and production plans are based as is often the case in nuggety, narrow vein gold mineralisation. The Company is focused on building its resource inventory, however, as further information becomes available through additional drilling, fieldwork and analysis, the estimates are likely to change. This may result in alterations to development plans which may, in turn, adversely affect the Company's operations. The variables on which estimates of resources and reserves are made include a number of factors and assumptions such as historical production, assumed effects of regulation by government agencies, assumptions regarding future prices and future capital and operating costs, all of which may vary considerably from those initially planned or used in determining any such resources or reserves. Changes in any underlying assumptions that affect either the cost of recovery or the viability of recovery of any resource will affect any calculation of reserves.

## **6.8 Tenement maintenance and title risks**

Interests in tenements in Australia are governed by Federal and State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise.

Further, mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements will be renewed or approved. Renewal of the term of a granted tenement is at the discretion of the relevant government authority. Renewal conditions may include increased expenditure or work commitments or compulsory relinquishment of the areas comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

## **6.9 Native Title**

The Company is aware of a registered native title claim over the area of its tenements which, though subject to relevant agreements, may possibly affect its future operations or performance. No guarantee can be given that these native title rights (nor any native title rights over areas in which the Company may in future acquire an interest in) will not affect the Company.

## **6.10 Key Personnel and Industrial Relations Risks**

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

The ability of the Company to achieve its objectives depends on the access to personnel and external contractors who have the required skills and qualifications or who can provide technical expertise and other services. If the Company cannot secure personnel or external contractors or if the services of the present personnel and external contractors cease to become available to the Company, this may affect the Company's ability to achieve its objectives.

The Company will be subject to the risk of employment disputes, industrial action and work stoppages by future employees and employees of contractors who provide services which are necessary for the continued operation of the Company's operations, which may have a materially adverse effect on the Company.

#### **6.11 COVID-19**

The outbreak of the coronavirus disease (COVID-19) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

COVID-19 safe work practices have and will continue to be adopted in relation the Company's operations, however, COVID-19 restrictions on movement and activities may adversely affect the Company's operations.

The Directors are monitoring the outbreak of COVID-19 closely and have considered the impact of COVID-19 on the Company's business. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.

In compliance with its continuous disclosure obligations, the Company will continue to update the market in regard to the impact of COVID-19 on the Company.

#### **6.12 Liquidity, market capitalization and price fluctuation**

The Company is a small company in terms of market capitalization and it may not be covered by a broad base of research analysts. As a consequence there may be relatively few buyers and sellers of securities on the ASX at any given time and the market price may be highly volatile, particularly in times of share market turbulence or negative investor sentiment. This may present difficulties for shareholders seeking to liquidate their holdings. The market price of the shares in the Company can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration and development 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.

#### **6.13 Potential for dilution**

Following implementation of the Entitlement Offer (assuming the Entitlement Offer is fully subscribed, no other Shares are issued prior to the Record Date and subject to the rounding of fractional entitlements) and issue of the Placement Shares, the number of Shares in the Company will increase from 35,952,530 Shares on issue at the date of this Prospectus, to 46,081,116 Shares.

In the event that all New Options issued under the Offers are exercised in the future, 6,971,449 additional Shares will be issued.

This means that each Share will represent a lower proportion of the ownership of the Company.

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

#### **6.14 General economic climate**

The Company's funding position and financial performance is impacted by a variety of general global economic and business conditions. A deterioration in these conditions could have an adverse impact on the Company's financial performance.

## **6.15 Environmental and compliance risks**

The operations and proposed activities of the Company are subject to Australian State and Federal laws and regulations concerning the environment. As with most mineral resource operations and exploration and development projects, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws, in order to minimise damage to the environment and risk of liability. Nevertheless, there are certain risks inherent in the Company's activities which could expose the Company to extensive liability.

Environmental planning, rehabilitation requirements and legacy issues associated with historical mining, may all result in significant liability and require various approvals. The Company's operational, development and exploration programs also subject to approvals by various and multiple government departments responsible to monitor and control exploration and mining. Where approvals or variations to existing approvals, work plans, licences or permits are required, there is a risk that these approvals may not be forthcoming, either at all or in a timely manner, or that they may not be able to be obtained on acceptable terms.

While it may be reasonably expected that all requisite approvals will be forthcoming, and whilst obligations for expenditure may be predicated on any requisite approvals being obtained, it cannot be guaranteed that any or all requisite approvals will be obtained.

A failure to obtain any approval would mean that the ability to amend existing workplans, undertake proposed development plans or infrastructure upgrades, participate in or develop any project, or possibly acquire any project, may be limited or restricted either in part or absolutely, which may have a material adverse effect on the Company.

## **6.16 Occupational health and safety**

The mining industry has become subject to increasing occupational health and safety responsibility and liability. The potential for liability is a constant risk. If the Company fails to comply with necessary OH&S legislative requirements, it could result in fines, penalties and compensation for damages as well as reputational damage.

## **6.17 Contractual Risk**

All companies operate through a series of contractual relationships with operators, technical experts, project managers, suppliers, customers and contractors generally. All contracts carry risks associated with the performance by the parties of their obligations as to time and quality of work performed. To the extent that third parties default in their obligations under such documents, it may be necessary for the Company to take legal action which may be costly and no guarantee can be given by the Company that a legal remedy will ultimately be granted on appropriate terms. In the event the Company wishes to vary, terminate or amend contractual relationships due the Company's circumstances or requirements of the operations, the Company may incur penalties and liabilities or such action may lead to legal action with the consequences as mentioned previously.

## **6.18 Litigation and Insurance Risk**

As with any company, the Company is (or will be) exposed to risks of litigation which may have a material adverse effect. The Company could become exposed to litigation from employees, regulators or third parties. To the extent that such risks are not covered by insurance, an adverse outcome in litigation or the cost of responding to potential or actual litigation may have a material adverse impact on financial performance.

The Company maintains insurance coverage that is substantially consistent with mining and exploration industry practice. However, there is no guarantee that such insurance or any future necessary coverage will be available to the Company at economically viable

premiums (if at all) or that, in the event of a claim, the level of insurance carried by the Company now or in the future will be adequate, or that a liability or other claim would not materially and adversely affect the Company's business.

## **6.19 Changes in political environment and international conflicts**

The Company's share price and ability to generate returns to Investors can be affected by changes in legislation, domestic or foreign governments and government policy. Events may occur within or outside Australia that could impact upon the world economy, the operations of the Company and the market price of the Company's Shares. These events include war, acts of terrorism, civil disturbance, political intervention and natural events such as earthquakes, floods, fires and poor weather.

## **7 Rights Attaching to Shares and New Options**

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### **7.1 Rights attaching to Shares**

New Shares issued pursuant to this Prospectus will be fully paid ordinary shares in the capital of the Company and will rank equally with the existing Shares including for any dividend issued after the date of this Prospectus.

The rights and liabilities attaching to Shares are set out in the Constitution and are regulated by the Corporations Act, the general law, the Listing Rules and ASX Settlement Operating Rules. The Constitution may only be varied by a special resolution passed by at least 75% of Shareholders present (and entitled to vote).

The following is a summary of the principal rights of Shareholders.

- (a) The power to issue Shares and other securities in the capital of the Company lies with the Board, subject to the restrictions contained otherwise in the Constitution, the Listing Rules and the Corporations Act.
- (b) Each Shareholder is entitled to receive notice of, and to attend, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the Listing Rules. A Director may call a meeting of members and members may also requisition or convene general meetings in accordance with the procedures for member-initiated meetings set out in the Corporations Act. Shareholders must be given at least 28 days written notice of any general meeting unless otherwise permitted by the Corporations Act.
- (c) Every Shareholder present in person or by proxy at a meeting of Shareholders has one vote on a vote taken by a show of hands, and on a poll, every Shareholder who is present in person or by proxy has one vote for every fully paid Share held. A poll may be demanded at a meeting in the manner permitted by the Corporations Act.
- (d) Dividends are payable upon the determination of the Directors, who may fix the amount, time for payment and method of payment of dividends. Subject to the rights of holders of shares with any special, preferential or qualified rights, any dividends that may be declared by the Company are payable on all Shares in proportion to the amount paid up.
- (e) If the Company's Share capital is divided into different classes of Shares, the rights attached to any class may be varied by a special resolution passed at a general meeting of the holders of Shares in that class or with the written consent of three quarters of the holders of Shares in that class.
- (f) Subject to the Corporations Act, Listing Rules and ASX Settlement Operating Rules, a Shareholder may transfer Shares by an instrument in writing in a form

approved by the Directors. Except as otherwise provided for in the Listing Rules or the ASX Settlement Operating Rules, the Directors may in certain circumstances refuse to register any transfer of Shares, or request ASX or the share registry to apply a holding lock to prevent a proper ASX transfer of Shares.

- (g) If a Shareholder holds a number of Shares that is less than a marketable parcel (as defined in the Listing Rules), the Company has the power to sell or dispose of such Shares unless otherwise instructed by the Shareholder. The net proceeds from the sale will be paid to the Shareholder.
- (h) Subject to any special rights (at present there are none), any surplus assets on a winding up are to be distributed to Shareholders in proportion to the number of Shares held by them irrespective of the amounts paid or credited as paid.

## **7.2 Rights attaching to New Options (including Bonus Options and Placement Options)**

The terms and conditions of the New Options are as follows:

- (a) Each New Option entitles the holder to subscribe for one ordinary share in the Company upon exercise of the New Option.
- (b) The New Options are exercisable at any time prior to 5.00pm (AEDT) on the New Option Expiry Date of 31 December 2021.
- (c) New Options not exercised on or before the New Option Expiry Date will automatically lapse.
- (d) Each New Option entitles the holder to subscribe for one Share upon payment of \$0.60 per New Option.
- (e) The New Options are exercisable wholly or in part by completing an option exercise form delivered to the Company's Share Registry, accompanied by payment of \$0.60 per New Option and received by it any time on or before 5.00pm (AEDT) on the New Option Expiry date.
- (f) Shares issued on the exercise of the New Options will rank pari-passu with existing Shares.
- (g) The Company intends to seek Official Quotation of the New Options offered pursuant to this Prospectus, however, Quotation of the New Options will be subject to meeting the requirements for Quotation of additional securities under Listing Rule 2.5. If the New Options do not satisfy these requirements the New Options will be unlisted.
- (h) The Company will make application for Official Quotation on ASX for any Shares allotted on exercise of the New Options.
- (i) There will be no participating entitlements inherent in the New Options to participate in new issues of capital which may be offered to Shareholders during the currency of the New Options. A New Option holder may only participate in new issues of securities to holders of Shares in the Company if the New Option has been exercised and Shares allotted in respect of the New Option before the record date for determining entitlements to the issue. The Company must give prior notice to the New Option holder of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.
- (j) In the event the Company proceeds with a pro rata issue (except a bonus issue) of Shares to the holders of Shares after the date of issue of the New Options, the exercise price of the New Options will be adjusted in accordance with the formula set out in Listing Rule 6.22.2.

- (k) If there is a bonus issue of Shares to the holders of Shares after the date of issue of the New Options, the number of ordinary shares over which the New Option is exercisable will be increased by the number of ordinary shares which the holder of the New Option would have received if the New Option had been exercised before the record date for the bonus issue.
- (l) In the event of any re-organisation (including reconstructions, consolidations, subdivision, and reduction of capital) of the issued capital of the Company, the New Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- (m) The New Options will not give any right to participate in dividends or vote on resolutions at general meetings of the Company until Shares are allotted pursuant to the exercise of the relevant New Options.

## **8 Additional information**

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### **8.1 Continuous disclosure obligations**

The Company is a 'disclosing entity' under the Corporations Act and as such, it is subject to regular reporting and disclosure obligations, which require it to disclose to ASX any information of which it is or becomes aware of concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

The Prospectus is issued under section 713 of the Corporations Act, which allows for special content in relation to an offer of continuously quoted securities or options to acquire such securities. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange.

In accordance with section 713 of the Corporations Act, the Company, states that:

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

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

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

<b>Date</b>	<b>Announcement Title</b>
10/09/2020	Appendix 3Y – P Amery
10/09/2020	Appendix 2A
09/09/2020	Proposed Issue of Securities - AUL
08/09/2020	Appendix 2A
08/09/2020	AuStar Gold Placement, Entitlement and Bonus Offer
04/09/2020	Expiry of Quoted Options
02/09/2020	Regional Exploration Program Update
01/09/2020	Morning Star Diamond Drilling Update
01/09/2020	Appendix 2A
19/08/2020	Morning Star Production and Geology Update
14/08/2020	Appendix 2A
13/08/2020	July Operations and Production Update
13/08/2020	Proposed Issue of Securities – AUL
13/08/2020	Prospectus
10/08/2020	Update on Victorian COVID-19 Restrictions
7/08/2020	Appendix 2A - Exercise of Options
5/08/2020	Appendix 2A - Exercise of Options
4/08/2020	Change of Director's Interest Notice - P Amery
3/08/2020	AuStar Gold Concludes Concentrate Sales Agreement
3/08/2020	June 2020 Quarterly Activities Report - Clarification
31/07/2020	Quarterly Cashflow Report
31/07/2020	June 2020 Quarterly Activities Report
23/07/2020	Drilling Recommences at Morning Star
22/07/2020	Appointment of Senior Geologist
30/06/2020	Change of Director's Interest Notice - P McNally
30/06/2020	Change of Director's Interest Notice - M Gill
26/06/2020	Change of Director's Interest Notice - P Amery
26/06/2020	Update - Proposed issue of Securities - AUL
26/06/2020	Correction to Results of Extraordinary General Meeting
26/06/2020	Results of Extraordinary General Meeting
3/06/2020	June 2020 Market Update
2/06/2020	Change of Director's Interest Notice
2/06/2020	Company Presentation - June 2020
1/06/2020	Notice of Extraordinary General Meeting/Proxy Form
22/05/2020	Becoming a substantial holder
15/05/2020	Subsequent Information to March 2020 Quarterly Activities Report
5/05/2020	Change of Company Secretary
4/05/2020	Change of Directors Interest
1/05/2020	Clarification to March 2020 Quarterly Activity Report

1/05/2020	March 2020 Quarterly Activities Report
30/04/2020	Quarterly Cashflow Report
29/04/2020	Proposed issue of Securities - AUL
29/04/2020	Appendix 3B
27/04/2020	Appointment of General Manager
9/04/2020	Change of Directors Interest - P Amery
6/04/2020	Change of Directors Interest - P Amery
3/04/2020	Convertible Note Issuance to fund Mine Development
31/03/2020	February Operational Update
27/03/2020	Company Update - Extension of Voluntary Suspension
23/03/2020	Company Update - Extension of Voluntary Suspension
16/03/2020	Half Year Accounts
13/03/2020	Company Update - Extension of Voluntary Suspension
6/03/2020	Company Update - Extension of Voluntary Suspension
26/02/2020	Company Update - Extension of Voluntary Suspension
20/02/2020	January Operational Update
19/02/2020	December 2019 Quarterly Activities Report
14/02/2020	Company Update - Extension of Voluntary Suspension
10/02/2020	Final Directors Interest Notice
7/02/2020	Company Update - Extension of Voluntary Suspension
31/01/2020	Quarterly Cashflow Report
31/01/2020	Company Update
31/01/2020	Board Changes
22/01/2020	Supplementary Prospectus
22/01/2020	AuStar Gold Withdraws from Centennial Mining
22/01/2020	Voluntary Suspension Extension
13/01/2020	Results of Meeting
13/01/2020	AuStar to become a major secured creditor
24/12/2020	Company Presentation - AuStar - A Wealth of Opportunities
18/12/2020	Appointment of Company Secretary
16/12/2020	Appendix 3B
13/12/2020	Notice of Extraordinary General Meeting and Proxy Form
13/12/2020	Notice of Extraordinary General Meeting
13/12/2020	Prospectus Timetable Update
13/12/2020	Clarification - Completion of Consolidation

Details of the Company's announcements are also available on the ASX announcements platform at: <https://www.asx.com.au/asx/statistics/announcements.do>.

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

At the date of this Prospectus, there is no information that has not been disclosed under the continuous disclosure requirements of the Listing Rules and which the Board considers would be reasonably required in order to assess the Company's assets and liabilities, financial position and prospects and the rights and liabilities attaching to Shares in the Company.

## 8.2 Market price of Shares

The highest, lowest and last market sale prices of the Shares on ASX during the three (3) months immediately preceding 2 September 2020, (being the last trading day in the Company's Shares prior to the date of announcement of the Offers), and the last respective date of those sales were:

	Price	Date
Highest	\$0.42	19 August 2020
Lowest	\$0.205	30 June 2020
Last	\$0.33	2 September 2020

## 8.3 Interests of Directors

Other than as announced to ASX, set out below or elsewhere in this Prospectus, no Director or proposed Director, or any entity in which a Director or proposed Director is a partner or director, has or has had in the 2 years before the date of this Prospectus, any interest in:

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

and no amounts have been paid or agreed to be paid (in cash, Shares or otherwise) and no other benefit has been given or agreed to be given to any Director or proposed Director or to any entity in which a Director or proposed Director is a partner or a director, either to induce him to become, or qualify as, a Director or otherwise for services rendered by him or by the entity in connection with the formation or promotion of the Company or the Offer.

## 8.4 Directors interests in Securities

- (a) The relevant interests of Directors and former Directors who have retired within the 6 months preceding this Prospectus (including via controlled entities) in Securities of the Company at the date of this Prospectus are as follows:

Director	Shares	% of issued share capital	Listed Options Expiring 30 September 2020	Unlisted Options Expiring 8 September 2021	Unlisted 20 Cent Options Expiring 30 June 2021	Performance Rights
Mr Philip Amery	678,901	1.9%	80,000	Nil	101,010	Nil
Mr Paul	4,243,547	11.86%	346,668	Nil	530,000	Nil

McNally						
Mr Matthew Gill	Nil	Nil	Nil	100,000	18,000	300,000
Lord Christopher Wellesley	Nil	Nil	22,514	Nil	Nil	Nil

(b) The following Directors are holders of Convertible Notes:

Director	Face Value	No of Shares at \$0.20 per Share*
Mr Paul McNally	\$264,999.90	1,325,000
Mr Matthew Gill	\$9,000	45,000

\* Number of Shares to which the convertible notes may be converted prior to the maturity date.

(c) Mr Philip Amery, Mr Paul McNally and Mr Matthew Gill, who are holders the of Convertible Notes and/or 20 Cent Options as set out in the table in Section 8.4(a) above, have advised the Company of their intention to convert those Notes into Shares in the Company and to exercise all or part of their 20 Cent Options prior to the Record Date. Mr Philip Amery, Mr Paul McNally and Mr Matthew Gill as Eligible Shareholders under the Entitlement Offer have advised the Company of their intention to take up at least part of their entitlement under the Entitlement Offer.

## 8.5 Remuneration of Directors

The remuneration of Directors and agreements with them are as set out in the Directors' Report attached to the Company's Annual Report for the year ending 30 June 2019 as lodged with ASX on 1 October 2019.

The following table shows the total annual remuneration paid to Directors of the Company (which includes cash salary as well as accrued annual leave entitlements, but excludes statutory superannuation or GST) for the financial year ending 30 June 2020 and which is expected to be paid to Directors of the Company for the financial year ending 30 June 2021.

Director	Remuneration paid for financial year 2020	Remuneration accrued for financial year 2020 but unpaid <sup>1</sup>	Expected Remuneration financial year 2021 <sup>2</sup>
Philip Amery	\$30,500	\$28,500	\$24,000
Mathew Gill	\$27,000	-	\$24,000
Paul McNally	Nil	\$27,000	\$24,000
Christopher Wellesley	\$27,000	-	\$24,000

1. The Directors have agreed to postpone payment of these fees until the 2021 financial year.

2. Based on Directors fees payable for the financial year ending 30 June 2020 in accordance with arrangements in effect at the date of this Prospectus.

## **8.6 Related Party transactions**

There are no related party transactions entered into that have not been the subject of ASX announcements or otherwise disclosed in this Prospectus.

## **8.7 Interests of Advisers and Consents**

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

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

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

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

and no amounts have been paid or agreed to be paid (in cash, Shares or otherwise) and no other benefit has been given or agreed to be given to any of the above persons for services rendered by them or by the entity in connection with the formation or promotion of the Company or the Offers.

Barclay Pearce Capital Pty Ltd has acted as Lead Manager for the Placement Offer and will receive a fee of 6% of the total amount to be raised from the Placement Offer.

Maddocks has acted as the solicitors of the Company in relation to the Offers. The Company estimates it will pay Maddocks \$10,000 (excluding GST and disbursements) for these services.

Each of the parties named in this Section have given their written consent to being named in this Prospectus and to the statements attributable to them in the form and context in which they are included and have not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Each of these parties:

- (a) does not make, or purport to make, any statement in this Prospectus, or any statement on which a statement in this Prospectus is based, other than those referred to in this Section;
- (b) has not authorised or caused the issue of this Prospectus or the making of the Offers; and
- (c) makes no representations regarding, and, in light of the above, only to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for any statements in, or omissions from any part of this Prospectus other than a

reference to its name and a statement and/or any report (if any) included in this Prospectus with the consent of that party as specified in this Section 8.7.

## 8.8 Consents of Directors

Each of the Directors and former Directors named in Section 8.4 have given and not withdrawn their consent to be named in this Prospectus and to the references to them in this Prospectus in the form and context in which they are included.

## 8.9 Costs of the Offers

In the event that all Entitlements are accepted under the Entitlement Offer, the total costs of the Offer are estimated to be approximately \$167,506 (excluding GST) and are expected to be applied towards the items set out in the table below:

<b>Costs</b>	<b>\$</b>
ASIC fees	3,206
ASX fees	15,700
Lead Manager's fees on Placement Offer	117,600
Legal fees	15,000
Registry fees, inc printing and distribution	15,000
Miscellaneous	1,000
<b>Total costs</b>	<b>167,506</b>

## 8.10 Restricted securities

The Company has 111,112 Shares on issue currently subject to a holding lock.

## 8.11 Shareholders outside Australia and New Zealand

This Prospectus and the accompanying Entitlement and Acceptance Form do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

It is not practicable for the Company to comply with the securities laws of all overseas jurisdictions in which Shareholders reside, having regard to the number of overseas Shareholders, the number and value of those New Shares and New Options which the overseas Shareholders would be offered under the Entitlement Offer and the Bonus Options Offer and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly the Entitlement Offer and the Bonus Options Offer is not being extended, and New Shares and New Options will not be issued, to Shareholders with a registered address outside of Australia or New Zealand except to certain sophisticated, institutional or limited numbers of Shareholders in jurisdictions where the Company is satisfied that it is lawfully able to make such an offer or issue this Prospectus without being required to take any further action in the relevant jurisdiction concerned.

## 8.12 New Zealand

The New Shares and New Options offered under the Entitlement Offer are not being offered to retail Investors within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand) (**FMC Act**). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- (a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- (b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- (c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- (d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- (e) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

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

### **8.13 Other Jurisdictions**

The Offers do not constitute an offer to sell or the solicitation of any offer to buy, any securities in the US or to a US Person (or to any person acting for the account or benefit of a US Person), or in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

No action has been taken to register or qualify the Offers, or otherwise permit a public offering of the New Shares or New Options, in any jurisdiction other than Australia.

The New Shares and New Options have not been, and will not be, registered under the US Securities Act, or the securities laws of any state or other jurisdiction in the US. The New Shares and New Options may not be offered, sold or resold in the United States or to, or for the account or benefit of, a US Person, except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

The distribution of this Prospectus (including an electronic copy) outside Australia may be restricted by law. If you come into possession of this Prospectus, you should observe any such restrictions and should seek your own advice on such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. The Company disclaims all liability to such persons.

Shareholders who hold Shares on behalf of persons who reside outside Australia, are in the United States, or are acting for the account or benefit of a person in the United States are not entitled to participate in the Offers on behalf of those persons. Failure to comply with these restrictions may result in violations of applicable securities law.

### **8.14 CHESS and issuer sponsorship**

The Company operates an electronic CHESS sub-register and an electronic issuer sponsored sub-register. These two sub-registers will make up the Company's register of Securities.

The Company will not issue a certificate to a security holder. Rather, a holding statement will be dispatched to security holders as soon as practicable after issue of the Securities the subject of the Offers. The holding statement will be sent either by CHESS (if the security holder elects to hold the Securities on the CHESS sub-register) or by the Company's Share Registry (if the security holder elects to hold the Securities on the issuer sponsored sub-register). The statement will set out details of the Securities issued under this Prospectus and the Holder Identification Number (if the security holder elects to hold the New Shares on the CHESS sub register) or Shareholder Reference Number (if the security holder elects to hold the Securities on the issuer sponsored sub-register). Updated holding statements will also be sent to each security holder following the month

in which the balance of their security holding changes, and also as required by the Listing Rules and the Corporations Act.

### **8.15 Prohibition on exceeding 20% voting power threshold**

Eligible Shareholders or potential Investors must have regard to and comply with the takeovers prohibition in section 606 of the Corporations Act (that is, the 20% voting power threshold), when applying for New Shares or New Options pursuant to this Prospectus.

Eligible Shareholders who may be at risk of exceeding the 20% voting power threshold in section 606 of the Corporations Act as a result of acceptance of the Entitlement Offer should seek professional advice before completing and returning an Entitlement and Acceptance Form.

The Company expressly disclaims any responsibility for ensuring that you do not breach section 606 as a result of the Offers or exercise of the New Options.

### **8.16 Enquiries**

This Prospectus is important and should be read in its entirety. Persons who are in any doubt as to the course of action to be followed should consult their stockbroker, solicitor, accountant or other professional advisor without delay.

Any questions concerning the Entitlement Offer should be directed to the Share Registry, on 1300 288 664 (within Australia) or +61 2 9698 5414 (International) between 8:30am and 5:00pm (AEST) (Monday to Friday), or via email to: [corporate.actions@atomicgroup.com.au](mailto:corporate.actions@atomicgroup.com.au).

## **9 Authorisation**

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

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

**Dated 11 September 2020**

**Philip Amery  
Chair**

**For and on behalf of AuStar Gold Limited**

## 10 Glossary

<b>A\$ or \$</b>	Australian dollars
<b>AEDT</b>	Australian Eastern Daylight Time
<b>AEST</b>	Australian Eastern Standard Time
<b>Additional New Shares and New Options</b>	New Shares and New Options applied for by an Eligible Shareholder under the Top-Up Facility in excess of their Entitlement under the Entitlement Offer
<b>Additional Securities</b>	Additional New Shares and New Options applied for under the Top Up Facility
<b>Admission</b>	Admission to the Official List of ASX
<b>Applicant</b>	An Eligible Shareholder who submits an Entitlement Offer Acceptance Form or for the Shortfall Offer a person who submits an Application Form
<b>Application</b>	A valid application to subscribe for Entitlement Offer Shares under the Entitlement Offer using an Entitlement and Acceptance Form or a valid application to subscribe for New Shares under the Shortfall Offer using an Application Form
<b>Application Form</b>	An Application Form under the Shortfall Offer
<b>Application Monies</b>	Subscription monies received from an Applicant in respect of New Shares applied for pursuant to an Application
<b>ASIC</b>	The Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited (ACN 008 624 691) or the Australian Securities Exchange operated by ASX Limited (as the context requires)
<b>ASX Settlement</b>	ASX Settlement Pty Ltd (ACN 008 504 532)
<b>ASX Settlement Operating Rules</b>	The settlement rules of ASX Settlement
<b>Board</b>	The Board of Directors of the Company acting as a board of Directors
<b>Bonus Options</b>	The New Options offered to Eligible Shareholders under the Bonus Options Offer
<b>Bonus Options Offer</b>	The pro rata non-renounceable entitlement issue of 1 New Option for every 10 Shares held by an Eligible Shareholder on the Record Date described in Section 3.1
<b>Capital Raising</b>	The Placement Offer and the Entitlement Offer under this Prospectus
<b>Capital Raising Announcement</b>	The announcement by the Company of the Capital Raising lodged with ASX on 8 September 2020
<b>CHESS</b>	Clearing House Electronic Sub Register System operated by ASX Settlement
<b>Closing Date</b>	The date the Entitlement Offer closes being 5.00pm (AEDT) 9 October 2020
<b>Company, AuStar or AUL</b>	AuStar Gold Limited ACN 107 180 441
<b>Constitution</b>	The constitution of the Company from time to time
<b>Convertible Notes</b>	10,190 Convertible Notes issued by the Company with a face value of \$100 that are outstanding as at the date of lodgement of this Prospectus and which are convertible into Shares in

	the Company at a conversion price of \$0.20
<b>Corporations Act</b>	<i>Corporations Act 2001 (Cth)</i>
<b>COVID-19</b>	An infectious respiratory disease caused by a coronavirus
<b>Directors</b>	the current Directors of the Company
<b>Eligible Shareholders</b>	As defined in Section 2.5 for the Entitlement Offer and Section 3.4 for the Bonus Offer
<b>Entitlement</b>	An Eligible Shareholder's entitlement to participate in the Entitlement Offer on a 1 for 10 basis
<b>Entitlement Offer</b>	The pro-rata non-renounceable rights issue to Eligible Shareholders described in Section 2.1
<b>Entitlement Options</b>	New Options offered to Eligible Shareholders under the Entitlement Offer on the basis of 1 New Option for every 3 Shares accepted under the Entitlement Offer
<b>Entitlement and Acceptance Form</b>	The personalised offer and acceptance form sent to Eligible Shareholders in relation to the Entitlement Offer
<b>Entitlement Offer Shares</b>	The Entitlement Offer Shares offered under the Entitlement Offer
<b>HIN</b>	Holder Identification Number
<b>Ineligible Shareholder</b>	A Shareholder who is not an Eligible Shareholder
<b>Issue</b>	The issue of Securities under this Prospectus
<b>Investors</b>	Potential Applicants including Shareholders, third party investors and members of the public
<b>Listing Rules</b>	The official listing rules of the ASX
<b>Member</b>	A Shareholder
<b>Mineral Resources</b>	As defined by the 2012 JORC Code
<b>New Options</b>	The options granted under the Offers which are exercisable at \$0.60 on or before the New Options Expiry Date and otherwise on the terms set out in Section 7.2 of this Prospectus
<b>New Shares</b>	The Shares in the Company offered under the Placement Offer and the Entitlement Offer
<b>New Options Expiry Date</b>	5pm (AEDT) on 31 December 2021
<b>Offers</b>	The Entitlement Offer (including the Top Up Facility) and the Shortfall Offer, the Bonus Options Offer and the Placement Offer
<b>Official List</b>	The official list of companies maintained by ASX
<b>Official Quotation</b>	Official quotation of the securities by ASX in accordance with the Listing Rules
<b>Opening Date</b>	The day the Entitlement Offer opens for acceptances, being 18 September 2020
<b>Optionholder</b>	A holder of Options, including the New Options and the 20 Cent Options
<b>Placement Offer</b>	Means the offer of the Placement Shares to sophisticated, institutional or professional Investors raising \$1,960,000 as announced to ASX on 8 September 2020
<b>Placement Options</b>	2,177,778 New Options to be issued under the Placement Offer

<b>Placement Shares</b>	6,533,333 New Shares offered under the Placement Offer
<b>Prospectus</b>	This Prospectus dated 11 September 2020
<b>Record Date</b>	The Record Date for the Entitlement Offer and the Bonus Options Offer, being 5pm (AEST), 17 September 2020
<b>Related Party</b>	As defined in Chapter 19 of the ASX Listing Rules
<b>Section</b>	A section of this Prospectus
<b>Security or Securities</b>	A Share, option or other security issued by the Company, including the New Shares and New Options offered under the Offers
<b>Securityholder</b>	A Shareholder or Optionholder
<b>Share</b>	A fully paid ordinary share in the Company
<b>Share Registry</b>	Automatic Group Pty Ltd
<b>Shareholder</b>	A holder of Shares
<b>Shortfall Offer</b>	Means the offer of Shortfall Securities described in Section 2.11
<b>Shortfall Offer Closing Date</b>	The date the Shortfall Offer closes, which is 3 months following the date of this Prospectus, or such earlier date determined by the Directors in their discretion.
<b>Shortfall Offer Shares</b>	New Shares to be offered under the Shortfall Offer as described in Section 2.11
<b>Shortfall Securities</b>	New Shares and New Options to be offered under the Shortfall Offer as described in Section 2.11
<b>Timetable</b>	The indicative timetable for the Offers set out in Section 1.1
<b>Top Up Facility</b>	The facility for applying for Additional New Shares and New Options described in Section 2.4
<b>US or United States</b>	The United States of America
<b>US Person</b>	Has the meaning given to that term in Regulation S under the US Securities Act
<b>US Securities Act</b>	The United States Securities Act of 1933, as amended
<b>2012 JORC Code</b>	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition
<b>20 Cent Options</b>	2,680,000 Unlisted Options on issue as at the date of lodgement of this Prospectus which are exercisable at \$0.20 per option and expiring 30 June 2021

