

**ARROWHEAD RESOURCES LIMITED**  
**ACN 004 766 376**

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**ENTITLEMENT ISSUE PROSPECTUS**

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For a renounceable entitlement issue of seven (7) Shares for every one (1) Share held by those Shareholders registered at the Record Date at an issue price of \$0.01 per Share to raise \$1,428,451 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

CPS Capital Group Pty Ltd (**Underwriter**) has agreed to fully underwrite the Offer and act as Lead Manager to the Offer. Refer to Section 9.1 for details regarding the terms of the Underwriting Agreement.

**IMPORTANT NOTICE**

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

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

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## 1. CORPORATE DIRECTORY

### Directors

Michael Rosenstreich  
*Chairman and Managing Director*

John Kenny  
*Non-Executive Director*

Rowan Caren\*  
*Executive Director*

### Proposed Director

Jason Peterson\*  
*Proposed Non-Executive Director*

### Company Secretary and Chief Financial Officer

Rowan Caren

### Underwriter and Lead Manager

CPS Capital Group Pty Ltd  
Level 45, 108 St Georges Terrace  
Perth WA 6000

### Share Registry\*\*

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross WA 6153

Telephone: +61 8 9315 2333  
Facsimile: +61 8 9315 2233

### Auditor

Deloitte Touche Tohmatsu  
Level 14, Woodside Plaza  
240 St Georges Terrace  
Perth WA 6000

### Registered Office

Suite 3  
9-11 Sheppard Way  
Marmion, WA 6020

Telephone: + 61 8 6102 2609  
Email: [info@gippslandltd.com](mailto:info@gippslandltd.com)  
Website: [www.gippslandltd.com](http://www.gippslandltd.com)

### Exchanges

ASX Code: AR1

Deutsche Börse: GIX

### Australian Solicitors

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

### United Kingdom Solicitors\*\*

Gowlings (UK) LLP  
15th Floor  
125 Old Broad Street  
London EC2N 1AR  
UNITED KINGDOM

\* On successful completion of the Offer, it is anticipated that Mr Peterson will be appointed as a Non-Executive Director. Mr Caren will step down as Director, but will remain as Company Secretary and Chief Financial Officer.

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

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## 2. TIMETABLE

Event	Date
Lodgement of Prospectus with the ASIC	28 October 2015
Lodgement of Prospectus & Appendix 3B with ASX	28 October 2015
Notice sent to Shareholders	30 October 2015
Ex date	2 November 2015
Rights start trading	2 November 2015
Record Date for determining Entitlements	5 November 2015
Prospectus sent out to Shareholders & Company announces this has been completed	10 November 2015
Rights stop trading	12 November 2015
Shares quoted on a deferred settlement basis	13 November 2015
Last day to extend the Offer*	16 November 2015
Closing Date	5:00pm (WST) 19 November 2015
ASX notified of under subscriptions	24 November 2015
Issue date/Shares entered into Shareholders' security holdings	26 November 2015
Quotation of Shares issued under the Offer*	27 November 2015

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

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### 3. COMPANY STATEMENT

Dear Shareholder

I am writing on behalf of the Board of Arrowhead Resources Limited (formerly Gippsland Limited) to seek your support for the renounceable rights issue to raise \$1.43 million to principally fund the Company to identify, assess and secure a new resource project as the Company's core focus.

The Board acknowledges and regrets the tumultuous nature of the past 8 months for all stakeholders. In February 2015 we released a new development plan supported by a financing offer for the Company's 50% interest in the Abu Dabbab Tantalum-Tin-Feldspar Project (the **Project**) in Egypt. In April 2015 and the following months the apparent expropriation of our interests in the Project by the Government of Egypt became clear. To date, despite our best efforts, we have still not had any meaningful responses to enable us to open a dialogue with our former Egyptian partner. We plan to continue the fight to win compensation for the apparent expropriation of our interest in the Project.

In response to this situation the Board took a pragmatic approach to implement a two staged strategy of firstly restructuring the Company's significant debt which had accumulated over the past 2 years and then recapitalising the Company to give it the financial capacity to seek new opportunities and prosecute the case in Egypt. This rights issue is the final step of the second stage, recapitalisation process.

The debt restructure and recapitalisation process is structured to be attractive to new investors but also recognises the adverse situation for current Shareholders and creates an opportunity for them to maintain their positions in a new-look, restructured Company which many have been associated with and supported for many years. The Company is fortunate to have secured the support of CPS Capital Group Pty Ltd, a boutique broker with specialist expertise in the junior resources sector, which has agreed to fully underwrite the \$1.43 million raising.

Arrowhead is now looking to the future. That future cannot be reliant on the outcome of a legal process in off-shore jurisdictions; a process it does not control no matter how strong we might consider our legal claim against Egypt to be. Taking a counter-cyclical approach, the Board considers that it is now a very prospective time to be searching out new mining development opportunities.

A "target project" framework has been compiled on the basis of preferred commodities, project status and location as well as possible future financing opportunities as the project advances. This was released to ASX on 17 August 2015, as we considered it important to demonstrate that a disciplined assessment process is in place whilst remaining opportunistic. The key focus is to find a project that will build Shareholder value and gain support and interest from the resource investment community. Given the limited initial funding available the ideal transaction would be for a staged earn-in structure which would preserve the capital structure of the Company whilst further development work is undertaken prior to any further financing requirements. Whilst it is very exciting that already we are assessing several projects – largely from approaches to the Company – to date, no individual opportunity has been advanced to any significant stage.

This Prospectus clearly sets out the risks of any investment in the Company and principally, subject to the successful completion of this Offer, that revolves around our ability to finalise a sensible new acquisition in a reasonable period of

time. In my opinion, this is an excellent time to be scouring for new projects and we consider that there are some interesting, high quality opportunities around.

The Company operates far leaner than previously but it has managed to retain top quality technical and commercial skills such as Geological Consultant, Dr John Chisholm and Chief Financial Officer and Company Secretary, Mr Rowan Caren. As well, Mr Ayman Ayyash with his 10 year involvement in Tantalum Egypt JSC and the Abu Dabbab Project, has been retained to pursue our claims in Egypt.

Leading Arrowhead into this next phase I am very appreciative of their ongoing enthusiasm and participation to grow Arrowhead and generate Shareholder value.

The Directors of Arrowhead urge you to consider seriously backing the new management group and the acquisition strategy by supporting this final step of the restructure process.

**Michael Rosenstreich**  
**Chairman and Managing Director**

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#### 4. IMPORTANT NOTES

This Prospectus is dated 28 October 2015 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

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

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

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

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

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

##### 4.1 United Kingdom

Shareholders resident in the United Kingdom are recommended to seek their own personal financial advice immediately from their stockbroker, bank manager, solicitor, accountant, fund manager or should consult a person or other independent adviser duly authorised under the United Kingdom's Financial Services and Markets Act 2000 (**FSMA**) who specialises in advising on the acquisition of shares and other securities before taking any action.

This document does not constitute an approved prospectus for the purposes of the United Kingdom's Prospectus Rules and contains no offer of transferable securities to the public within the meaning of sections 85 and 102B of FSMA or otherwise. This document has not been, and will not be, approved or examined by or filed with the United Kingdom's Financial Conduct Authority (**FCA**) or by any other regulatory authority which could be a competent authority for the purposes of the Prospectus Rules.

##### 4.2 United Kingdom Notice

The offer of Shares under the Offer is only being made in the United Kingdom to persons who are of a kind described in Article 43(2) (members and creditors of certain bodies corporate) of the Financial Services and Markets Act 2000 (**Financial Promotion**) Order 2005 (**Order**) as amended.

The offer of Shares to eligible Shareholders, in so far as such offer relates to any Shortfall Shares, is only being made in the United Kingdom to persons who are of a kind described in Article 43(2) (members and creditors of certain bodies corporate) of the Order.

The content of this document has not been approved by an authorised person for the purposes of section 21 of FSMA. Any investment to which this document relates is available to (and any investment activity to which it relates will be engaged with) only those persons described above. Persons who do not fall within this category should not rely on this document nor take any action upon it, but should return it immediately to the Company.

This document and its contents must not be distributed or passed on, directly or indirectly, published, reproduced or disclosed (in whole or in part) by recipients to any other class of person and in any event under no circumstances should persons of any other description rely or act upon the contents of this document.

Any decision regarding any proposed investment in the Company's securities must be made on the basis of public information on the Company. Reliance solely on this document for the purpose of engaging in investment activities may expose a person to a significant risk of losing all of the property or other assets invested.

### 4.3 European Economic Area Notice

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a **Relevant Member State**) with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**), an offer of the Shares described in this document may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Shares approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, an offer of the Shares may be offered to the public in that Relevant Member State at any time:

- (a) to any legal entity that is authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; or
- (b) to any legal entity that has two or more of: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43 million; and (3) an annual net turnover of more than €50 million, as shown in its last annual or consolidated accounts; or
- (c) to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), or
- (d) in any other circumstances that do not require the publication of a prospectus pursuant to Article 3 of the Prospective Directive, provided that no such offer of the Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

Each purchaser of the Shares described in this document located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive. For the purposes of this provision, the expression an "offer to the public" in any relevant member state means the communication in

any form and by any means of sufficient information on the terms of the Offer and the Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

The total consideration of the Offer made by the Company in the European Economic Area (in which area the Offer is only being made to eligible Shareholders who have registered addresses in the United Kingdom) shall be less than €5,000,000 in aggregate. Any applications for Shortfall Shares made by eligible Shareholders who have registered addresses in the United Kingdom may only be made on the condition that the Directors have a complete discretion to scale-back any such applications on a pro-rata basis to ensure that the total sum for which such Shareholders may subscribe for in Shortfall Shares when aggregated with the total sum for which such Shareholders have already subscribed under the Offer does not exceed a threshold of €5,000,000. Therefore, in accordance with section 85 and schedule 11A of FSMA, this document does not constitute an approved prospectus for the purposes of the United Kingdom's Prospectus Rules and contains no offer of transferable securities to the public within the meaning of sections 85 and 102B of FSMA or otherwise. This document has not been, and will not be, approved or examined by or filed with the FCA or by any other regulatory authority which could be a competent authority for the purposes of the Prospectus Rules.

#### 4.4 Risk factors

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

#### 4.5 Forward-looking statements

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

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

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

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

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

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

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## **5. DETAILS OF THE OFFER**

### **5.1 The Offer**

The Offer is being made as a renounceable entitlement issue of seven (7) Shares for every one (1) Share held by Shareholders registered at the Record Date at an issue price of \$0.01 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus and assuming all Entitlements are accepted, a maximum of 142,845,087 Shares will be issued pursuant to this Offer to raise \$1,428,451.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 8 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 6.1.

The total consideration of the Offer made by the Company in the European Economic Area, in which area the Offer is only being made in the United Kingdom, under the Offer (including the option for Eligible Shareholders with registered addresses in the United Kingdom to make applications for any Shortfall Shares) will be less than €5,000,000 in aggregate (assuming full subscription for Shares by Eligible Shareholders and on the condition that any applications for Shortfall Shares made by Eligible Shareholders with registered addresses in the United Kingdom will be scaled-back on a pro-rata basis to ensure that the €5,000,000 threshold is not exceeded – this condition has been set to ensure that the Company is not required to produce an approved prospectus in the United Kingdom pursuant to section 85 of FSMA). The issue of a prospectus in the United Kingdom would considerably increase the costs of the Offer and it would take much longer to complete, as any such prospectus would require prior approval by the United Kingdom's Financial Conduct Authority.

### **5.2 Minimum subscription**

There is no minimum subscription.

### **5.3 What Eligible Shareholders may do**

The number of Shares to which Eligible Shareholders are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) take up all of their Entitlement (refer to Section 5.4);
- (b) sell all of their Entitlement on ASX (refer to Section 5.5);
- (c) take up a proportion of their Entitlement and sell the balance on ASX (refer to Section 5.6);
- (d) take up a proportion of their Entitlement and allow the balance to lapse (refer to Section 5.7);
- (e) sell all or a proportion of their Entitlement other than on ASX (refer to Section 5.8); or

- (f) allow all or a proportion of their Entitlement lapse (refer to Section 5.9).

#### **5.4 Taking up all of your Entitlement**

Should you wish to accept all of your Entitlement, then applications for Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the Application Monies indicated on the Entitlement and Acceptance Form.

#### **5.5 Selling all your Entitlement on ASX**

The Entitlements under the Offer are renounceable which means that all or part of an Eligible Shareholder's rights to subscribe for Shares under the Offer may be traded on ASX. If you wish to sell all of your Entitlement on ASX, provide instructions to your stockbroker regarding the Entitlement you wish to sell on ASX. Trading of Entitlements will commence on ASX on 2 November 2015 and will cease on 12 November 2015.

There is no guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on ASX or that any particular price will be paid for the Entitlements sold on ASX.

#### **5.6 Taking up a proportion of your Entitlement and selling the balance on ASX**

If you wish to take up only part of your Entitlement, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in Section 5.4, or make a payment by BPAY in accordance with Section 5.12.

Subsequently, provide instructions to your stockbroker regarding the proportion of your Entitlement you wish to sell on ASX and follow the steps in Section 5.5.

#### **5.7 Taking up a proportion of your Entitlement and allowing the balance to lapse**

If you wish to take up only part of your Entitlement and allow the balance to lapse, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in Section 5.4. If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up or selling that part of your Entitlement.

#### **5.8 Selling all or a proportion of your Entitlement other than on ASX**

You may elect to transfer all or a proportion of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder if they were a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased.

If you are a Shareholder on the issuer sponsored sub-register and you wish to transfer all or a proportion of your Entitlement to another person other than on ASX, forward a completed standard renunciation and transfer form (obtainable from the Share Registry) and the applicable transferee's cheque for the Shares

they wish to subscribe for payable to "**Arrowhead Resources Limited – Share Issue Account**" and crossed "**Not Negotiable**" to the Share Registry (by delivery or by post at any time after the issue of this Prospectus and on or before the Closing Date) at the following address:

**Deliver to:**

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross WA 6153  
AUSTRALIA

**Or by post to:**

Security Transfer Registrars Pty Ltd  
PO Box 535  
Applecross WA 6953  
AUSTRALIA

If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHES sub-register you must engage your CHES controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf. The Application Monies for Shares the transferee of the Entitlement wants to acquire must be received by Share Registry in accordance with Section 5.4.

**5.9 Allow all or part of your Entitlement to lapse**

Shareholders should be aware that their Entitlement may have value. Entitlements are renounceable, which enable Eligible Shareholders who do not wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement on ASX.

If you do not wish to accept or trade any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement or dispose of your Entitlement by the Closing Date, the Offer to you will lapse.

**5.10 Implications of an acceptance**

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

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

**5.11 Payment by cheque/bank draft**

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

Completed Entitlement and Acceptance Forms must be accompanied by a cheque drawn on an Australian bank or bank draft made payable in Australian currency, made payable to "**Arrowhead Resources Limited – Share Issue Account**" and crossed "**Not Negotiable**" and lodged and received at any time after the issue of this Prospectus and on or before the Closing Date at the Company's Share Registry (by delivery or by post) at:

**Deliver to:**

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross WA 6153  
AUSTRALIA

**Or by post to:**

Security Transfer Registrars Pty Ltd  
PO Box 535  
Applecross WA 6953  
AUSTRALIA

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

If you wish to pay via BPAY®, payment may be made in accordance with Section 5.12.

**5.12 Payment by BPAY®**

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

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form and the representations outlines in Section 5.10; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

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

**It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 4:00 pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.** Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

**5.13 Payment by UK Shareholders**

In order to provide Shareholders with a registered address in the United Kingdom with the maximum opportunity to participate in the Offer, bank account details will be provided upon request. Please contact the Company via email at [info@gippslandltd.com](mailto:info@gippslandltd.com) or the Company's Share Registry on +61 8 9315 2333 for those details.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a confirmation of the electronic funds transfer for the Application Monies indicated on the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms and the accompanying confirmation of the electronic funds transfer must be lodged and received by Share Registry in accordance with Section 5.11.

#### 5.14 Lead Manager and Underwriter

In addition to acting as Lead Manager to the Offer, the Underwriter has agreed to fully underwrite the Offer. Refer to Section 9.1 for details of the terms of the underwriting.

The Offer will be sub-underwritten by Mr John Kenny (or an entity associated with Mr Kenny) (**Kenny Associated Entity**). This Kenny Associated Entity has agreed with the Underwriter to sub-underwrite, on arm's length fair market terms, on a priority basis, 13,000,000 Underwritten Shares which totals a sub-underwriting commitment of \$130,000. Refer to Section 9.2 for details of the sub-underwriting arrangement.

#### 5.15 Effect on control of the Company

The Underwriter is not presently a shareholder of the Company and is not a related party of the Company for the purpose of the Corporations Act.

The Underwriter has agreed to use its best endeavours to allocate the Shortfall Shares to sub-underwriters such that neither the Underwriter nor any of its sub-underwriters will individually have a voting power in the Company in excess of 20%. The Underwriter has entered into a priority sub-underwriting agreement with the Kenny Associated Entity has agreed to sub-underwrite the Offer up to \$130,000 (13,000,000 Shares). The Kenny Associated Entity will not acquire an interest greater than 20% if it is required to subscribe for its full sub-underwriting commitment. Other than the Kenny Associated Entity, the sub-underwriters appointed by the Underwriter will not be related parties of the Company.

Notwithstanding that the Offer is fully sub-underwritten, the number of Shares that may be held by the Underwriter and its voting power under several scenarios are set out in the table below.

Event	Shares held by Underwriter	Voting power of Underwriter
Date of Prospectus	Nil	0.00%
Completion of Entitlement Issue	Nil	0.00%
Fully subscribed	Nil	0.00%
75% subscribed (less the Kenny Associated Entity's sub-underwriting commitment) <sup>1</sup>	22,711,272	13.91%
50% subscribed (less the Kenny Associated Entity's sub-underwriting commitment) <sup>1</sup>	58,422,544	35.79%
0.00% subscribed	142,845,087	87.50%

**Note:**

1. Assumes that the Kenny Associated Entity takes up its full sub-underwriting commitment of \$130,000 (13,000,000 Shares).

The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Offer. However, it is unlikely that no shareholders, other than the Underwriter, will take up entitlements under the Offer. The underwriting obligation and therefore voting power of the Underwriter will reduce by a corresponding amount for the amount of entitlements under the Offer taken up by the other shareholders.

Further, the Underwriting Agreement gives the Underwriter the right to enter into sub-underwriting agreements to pass on some or all of its obligations to subscribe for the Shortfall under the Underwriting Agreement. The Underwriter has advised the Company that it has entered into a number of sub-underwriting agreements with its clients to take up the Shortfall. Accordingly, it is unlikely that the Underwriter will be obliged to subscribe for all of the Shortfall, as these obligations are likely to be passed on to the sub-underwriters.

The Underwriter has advised the Company that the following sub-underwriters may potentially hold voting power of 5% or more in the Company as a result of their respective sub-underwriting agreements. The voting power post Offer is calculated on the basis that each sub-underwriter takes up all of the sub-underwriting commitment pursuant to that party's sub-underwriting agreement.

Sub-Underwriter	Current Holding	Current Voting Power	Entitlement Under the Offer	Sub-Underwritten Shares	Holding Post Offer	Voting Power Post Offer
Kenny Associated Entity <sup>1</sup>	51,659	0.25%	361,613	13,000,000	13,413,272	8.22%

**Notes:**

1. In addition, as approved by Shareholders at the General Meeting, following completion of the Offer, (the Company will issue a further 9,600,000 Shares to VentureWorks JDK Pty Ltd (an entity associated with John Kenny) or its nominee in satisfaction of outstanding amounts owing to VentureWorks JDK Pty Ltd. Following the issue of these Shares, Mr John Kenny (via his associated entities) will hold a relevant interest in up to 23,013,272 Shares and will have voting power of up to 12.06% (assuming the Kenny Associated Entity, is required to take up its full sub-underwriting commitment).

In the event that the Underwriting Agreement is terminated and not all Shareholders accept their full Entitlement, the Shortfall procedure set out in Section 5.17 shall apply.

## 5.16 Dilution

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 87.5% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	5,000,000	24.50%	35,000,000	5,000,000	3.06%
Shareholder 2	1,000,000	4.90%	7,000,000	1,000,000	0.61%
Shareholder 3	500,000	2.45%	3,500,000	500,000	0.31%
Shareholder 4	150,000	0.74%	1,050,000	150,000	0.09%
Shareholder 5	40,000	0.20%	280,000	40,000	0.02%
<b>Total</b>	<b>20,406,229</b>		<b>142,843,600</b>		

**Note:**

- The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

### 5.17 Shortfall Offer

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

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.01 being the price at which Shares have been offered under the Offer.

The first \$130,000 of the Shortfall will be issued to the Kenny Associated Entity of Mr John Kenny in accordance with a sub-underwriting agreement between the Underwriter and the Kenny Associated. Refer to Sections 9.1 and 9.2 for details of the terms of the Underwriting Agreement and the sub-underwriting arrangement.

Eligible Shareholders who wish to subscribe for Shares above their Entitlement are invited to apply for additional Shares under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form.

Investors who are not Shareholders of the Company can apply for Shortfall Shares by completing the Shortfall Application Form accompanying this Prospectus.

Eligible Shareholders with a registered address in the United Kingdom may apply for Shortfall Shares subject to the condition that any such applications will be scaled-back on a pro-rata basis to ensure that the maximum amount of the Offer being made under the Offer to Shareholders with a registered address in the European Economic Area is less than the €5,000,000 threshold above which a prospectus approved by the FCA would be required.

The Shortfall to the Offer is to be issued at the absolute discretion of the Directors in consultation with the Underwriter and as such there is no guarantee that any Shortfall Shares applied for will be issued to Eligible Shareholders.

### 5.18 ASX listing

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

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

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

#### **5.19 Issue of Shares**

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

Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

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

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

#### **5.20 Overseas shareholders**

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

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

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013.

However, pursuant to ASX Listing Rule 7.7, the Company has appointed a nominee, CPS Capital Group Pty Ltd, to sell the Entitlements to which Ineligible Shareholders are entitled. The nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the relevant Ineligible Shareholders as described below.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the nominee may sell Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

Neither the Company nor the nominee will be subject to any liability for failure to sell the Entitlements or to sell them at a particular price. If, in the reasonable opinion of the nominee, there is no viable market for the Entitlements of the Ineligible Shareholders, or a surplus over the expenses of the sale cannot be obtained the Entitlements that would have been offered to the Ineligible Shareholders, then those Entitlements will be allowed to lapse. The Shares not taken up will form part of the Shares to be taken up by the Underwriter pursuant to the Underwriting Agreement.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

The offer of Shares under the Offer made in this Prospectus is only being made in the United Kingdom to persons who are of a kind described in Article 43(2) of the United Kingdom's Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (members and creditors of certain bodies corporate).

## **5.21 Enquiries**

Any questions concerning the Offer should be directed to Rowan Caren, Company Secretary, on + 61 8 6102 2609.

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## 6. PURPOSE AND EFFECT OF THE OFFER

### 6.1 Purpose of the Offer

The purpose of the Offer is to raise \$1,428,451.

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

Item	Proceeds of the Offer	\$	%
1	Projection Generation & Technical Assessment <sup>1</sup>	340,000	23.80%
2	General Working Capital	864,654	60.53%
3	Debt Repayment <sup>2</sup>	103,797	7.27%
4	Expenses of the Offer <sup>3</sup>	120,000	8.40%
	<b>Total</b>	<b>1,428,451</b>	<b>100%</b>

**Notes:**

1. Expenditure estimate of activities associated with identifying and securing a new project.
2. Repayment of the \$100,000 Celtic Loan (plus interest accrued at the rate of 15.00% per annum) provided by Celtic Capital Pty Ltd <The Celtic Capital Trust> as disclosed in Section 9.6 below.
3. Refer to Section 10.8 for further details relating to the estimated expenses of the Offer.

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

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

### 6.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted, will be to:

- (a) increase the cash reserves by \$1,308,451 (after deducting the estimated expenses of the Offer of \$120,000) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 20,406,441 as at the date of this Prospectus to 163,251,528 Shares.

### 6.3 Pro-forma statement of financial position

The audited statement of financial position as at 30 June 2015 and the unaudited pro-forma statement of financial position as at 30 June 2015 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 assuming:

- (a) all Entitlements are accepted and including expenses of the Offer;
- (b) the Debt Restructure Agreement between the Company and Ian Gandel and Gandel Metals Pty Limited, as referred to in Section 9.4, and the Debt Restructure Agreement between the Company and Ventureworks JDK Pty Ltd, as referred to in Section 9.5, are completed immediately following completion of the Offer. Completion of the Offer will satisfy the remaining condition of each of the Debt Restructure Agreements; and
- (c) the Celtic Loan, as referred to in Section 9.6, is repaid out of the proceeds of the Offer.

The pro-forma statement of financial position 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.

	AUDITED 30 June 2015	UNAUDITED PRO- FORMA 30 June 2015
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	8,725	1,213,379
Trade and other receivables	13,586	13,586
Other current assets	5,835	5,835
<b>TOTAL CURRENT ASSETS</b>	28,146	1,232,800
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	47,481	47,481
<b>TOTAL NON-CURRENT ASSETS</b>	47,481	47,481
<b>TOTAL ASSETS</b>	75,627	1,280,281
<b>CURRENT LIABILITIES</b>		
Trade and other payables	711,409	178,091
Provisions	94,995	52,728
Loans and borrowings	3,337,016	-
<b>TOTAL CURRENT LIABILITIES</b>	4,143,420	230,819
<b>TOTAL LIABILITIES</b>	4,143,420	230,819
<b>NET (LIABILITIES) ASSETS</b>	(4,067,793)	1,049,462

	AUDITED 30 June 2015	UNAUDITED PRO- FORMA 30 June 2015
<b>EQUITY</b>		
Issued capital	49,531,922	51,258,873
Reserves	825,158	825,158
Accumulated losses	(54,424,873)	(51,034,569)
<b>TOTAL (DEFICIT) EQUITY</b>	<b>(4,067,793)</b>	<b>1,049,462</b>

**Notes:**

- The Company has entered into agreements with creditors whereby the creditors, who are owed a total of \$171,772, were issued 142,500,000 Shares in the Company (on a pre-Consolidation basis), subsequent to 30 June 2015 in satisfaction of all amounts owing to those creditors. These transactions have been reflected in the above pro-forma statement of financial position as at 30 June 2015. For further details of the Shares issued to the creditors, please refer to Resolutions 1 and 2 of the Company's Notice of General Meeting dated 28 August 2015.
- On 20 August 2015, the Company entered into a binding terms sheet with Celtic Capital Pty Ltd as trustee for the Celtic Capital Trust (**Celtic Capital**) pursuant to which Celtic Capital has provided to the Company an unsecured \$100,000 bridging loan (**Celtic Loan**). The Celtic Loan is full drawn and has been included in the above pro-forma statement of financial position as at 30 June 2015. The Celtic Loan, together with accrued interest of \$3,797, will be repaid from the proceeds of the Offer, and this repayment has also been included in the above pro-forma statement of financial position as at 30 June 2015.
- As approved by Shareholders at the General Meeting, following completion of the Offer, the Company will issue:
  - 18,000,000 Shares to Gandel Metals Pty Ltd (an entity associated with Ian Gandel, a former director of the Company) or its nominee (refer to Section 9.4 for details of the Debt Restructure Agreement); and
  - 9,600,000 Shares to VentureWorks JDK Pty Ltd (an entity associated with John Kenny, a Director of the Company) or its nominee (refer to Section 9.5 for details of the Debt Restructure Agreement),

in satisfaction of outstanding amounts owing to Gandel Metals Pty Ltd, Ian Gandel and VentureWorks JDK Pty Ltd. Following the issue of these Shares the Total Current Liabilities shown above will be reduced by \$3,740,829, with a commensurate decrease in Total Equity. These transactions have been included in the above pro-forma statement of financial position as at 30 June 2015.

#### 6.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, is set out below.

##### Shares

	Number
Shares currently on issue	20,406,441
Shares offered pursuant to the Offer	142,845,087
<b>Total Shares on issue after completion of the Offer</b>	<b>163,251,528</b>

Shares to be issued pursuant to Debt Restructure Agreements <sup>1</sup>	27,600,000
<b>Total Shares on issue after completion of the Offer and the Debt Restructure Agreements</b>	<b>190,851,528</b>

**Notes:**

1. As approved by Shareholders at the General Meeting, following completion of the Offer, the Company will issue:
  - (a) 18,000,000 Shares to Gandel Metals Pty Ltd (or its nominee); and
  - (b) 9,600,000 Shares to VentureWorks JDK Pty Ltd (or its nominee),
 in satisfaction of outstanding amounts owing to Gandel Metals Pty Ltd, Ian Gandel and VentureWorks JDK Pty Ltd pursuant to the Debt Restructure Agreements. Refer to Sections 9.4 and 9.5 for further details of the Debt Restructure Agreements.

The Company does not currently have any securities on issue other than the Shares.

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

## 6.5 Details of substantial holders

Based on substantial shareholder notices lodged prior to the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Abbotsleigh Proprietary Limited	8,627,882	42.28%
Richard Beale <sup>1</sup>	1,975,003	9.68%

**Notes:**

1. 1,429,621 Shares are currently held by Situate Pty Ltd, 504,011 Shares are held by Taveroom Pty Ltd <Beale Superfund> and 41,371 are held by Mr Beale.

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

## 6.6 Proposed Director

Subject to the successful completion of the Offer, it is proposed that Mr Jason Peterson will be appointed as a director of the Company. Following Mr Peterson's appointment, Mr Rowan Caren will step down as a Director, but will remain as Company Secretary and Chief Financial Officer of the Company.

**Mr Jason Peterson**

*Proposed Non-Executive Director*

Mr. Peterson has more than 20 years of experience in the financial advisory sector, which he obtained by working in both local and international stockbroking companies such as Patersons Securities Limited, Tolhurst Group, and Merrill Lynch. Mr Peterson specialises in corporate structuring, capital raisings, corporate and strategic advice to small and medium size companies and reverse takeovers. Mr Peterson holds a Bachelor of Commerce degree from Curtin University in Australia and a Graduate Diploma of Finance from FINSIA (Financial Services Institute of Australia)/SDIA (Securities & Derivatives Institute of Australia). Mr Peterson is a Senior Client Advisor, and a director and 30%

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shareholder of stock broking firm, CPS Capital Group Pty Ltd.

Mr Peterson is currently a director of Lithex Resources Limited (ASX: LTX) (appointed 5 December 2013). In the past three years, Mr Peterson has also been a director of Black Star Petroleum Limited (ASX: BSP) (appointed 28 February 2013, resigned 24 October 2013) and Wolf Petroleum Ltd (ASX:WOF) (appointed 3 January 2013, resigned 18 May 2015). He has not held any other listed company directorships over the past three years.

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## 7. RISK FACTORS

### 7.1 Introduction

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

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

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

### 7.2 Company specific

#### (a) New project

The Company has stated that its core short to medium term objective is to secure a new project. Projects may be located in Australia or overseas. Should a suitable new business opportunity be identified, it will then need to be assessed for its technical, legal and commercial suitability. Whilst the Directors consider that there are attractive business and project acquisition opportunities available there is no certainty that the Company will be able to complete a transaction to secure a new project interest in a reasonable period of time or that such new business or project will be successful. Identification of a business or project can take considerable time and consume significant cash resources.

Furthermore, notwithstanding that an acquisition may proceed upon completion of due diligence, the risks associated with operating a new business or project will also apply.

#### (b) Additional requirements for capital

The Company's capital requirements depend on numerous factors. The Company will from time to time require further funding to develop its projects. Market conditions which are then generally prevailing will impact on the price or cost at which the Company will be able to raise such funds and no assurance can be given that such funding will be available on terms acceptable to the Company. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(c) **Potential for significant dilution**

Upon implementation of the Offer, assuming all Entitlements are accepted the number of Shares in the Company will increase from 20,406,441 Shares currently on issue to 163,251,528 Shares. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

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

The last trading price of Shares on ASX prior to the prospectus being lodged of \$0.031 is not a reliable indicator as to the potential trading price of Shares following completion of the Offer.

(d) **Going concern**

The Company's auditor, Deloitte Touche Tohmatsu, has issued a 'disclaimer of opinion' on the Company's annual financial report for the year ended 30 June 2015. The 'disclaimer of opinion' was due to their inability to obtain all accounting and statutory records of the Company's Egyptian subsidiaries (Tantalum Egypt JSC and Nubian Resources JSC), in relation to transactions and balances for the period commencing 1 July 2014 through to the 31 March 2015. Therefore, the Directors have prepared the financial report to the best of their knowledge based on the limited information available to them at the time of preparation of the financial report. As the available accounting and statutory records are not adequate to permit the application of necessary audit procedures, Deloitte Touche Tohmatsu was unable to obtain all information and explanations to form an opinion on the composition of the loss from discontinued operations recognised in the statement of profit or loss and other comprehensive income and the cash inflows and outflows relating to these subsidiaries reflected in the statement of cash flows for the year ended 30 June 2015.

Additionally, the auditor issued the following emphasis of matter paragraph in respect of a material uncertainty regarding the consolidated entity's and Company's continuation as going concerns:

"We draw attention to Note 2(c) in the financial report which indicates that the consolidated entity has incurred net losses of \$12,608,813 (2014: \$5,849,058) and experienced net cash outflows from operations of \$1,470,482 (2014: \$2,387,941) and net cash outflows from investing activities of \$1,855,136 (2014: \$481,441) for the year ended 30 June 2015. These conditions, along with other matters set out in Note 2(c), indicate the existence of a material uncertainty that may cast significant doubt about the Company and the consolidated entity's ability to continue as going concerns and therefore, whether they will realise their assets and extinguish their liabilities in the ordinary course of business."

Notwithstanding the 'going concern' emphasis of matter included in the financial report, the Directors consider that upon the successful completion of the fully subscribed Offer, the Company will have sufficient funds to adequately meet the Company's current exploration commitments and short term working capital requirements. However, it is highly likely that further funding will be required to meet the medium to long term working capital needs of the Company.

The Company is confident that it will raise sufficient funding to meet its minimum expenditure commitments and repay its debts as and when they fall due. However, as set out in Sections 9.4 and 9.5, in the event that the Company does not successfully complete the Offer, then the Company's outstanding debts owing to Gandel Metals Pty Ltd, Ian Gandel and VentureWorks JDK Pty Ltd will not be extinguished (and therefore will be repayable on or before 30 November 2015). Further, if the Offer is not successful, the Company may not have sufficient funds to repay the Celtic Loan when it falls due on 15 December 2015. A failure to complete the Offer (or raise funds through alternative funding sources) will be materially adverse to the Company and will result in there being significant uncertainty as to whether the going concern basis is appropriate.

(e) **Significant Level of Borrowings**

As at 30 September 2015, the Company has loans payable to Gandel Metals Pty Ltd (**Gandel Metals**), a company associated with Ian Gandel (a former director of the Company), of \$3,500,046 (including interest) (**Gandel Loans**). As announced on 28 August 2015, the repayment date of the Gandel Loans has been extended to 30 November 2015.

In addition, Ian Gandel resigned as a director of the Company with effect from 14 April 2015. Mr Gandel is owed \$159,609 in deferred director's fees and reimbursements of expenses (**Gandel Deferred Director Fees**).

Further, Ventureworks JDK Pty Ltd (**VentureWorks**), an entity associated with Mr John Kenny (a Director of the Company) is owed \$136,000 in deferred fees (**Kenny Deferred Fees**).

Subject to and conditional on successful raising of not less than \$1,200,000 (before expenses) pursuant to the Offer and as approved by Shareholders at the General Meeting, Gandel Metals, Ian Gandel and VentureWorks have agreed to extinguish in full all of the debts owed to them by the Company (save for \$180,000 payable to Gandel Metals and \$96,000 payable to VentureWorks which will be satisfied via the issue of Shares following completion of the Offer), including but not limited to the Gandel Loans, the Gandel Deferred Director Fees, the Kenny Deferred Fees and all director fees and all interest that shall accrue up until the date of extinguishment.

In addition, the Company entered into a binding terms sheet pursuant to which Celtic Capital provided the Celtic Loan to the Company (refer to Section 9.6 for further details). The Celtic Loan was drawn down on the 21 August 2015 to meet general corporate costs until the completion of the Offer and is intended to be repaid from proceeds of the Offer.

In the event that the Offer is not successfully completed, the debts owing to Gandel Metals, Ian Gandel and VentureWorks will not be extinguished and the Celtic Loan will not be repaid. The Company will need to raise additional capital by no later than 30 November 2015 or renegotiate the terms of the outstanding debts.

(f) **Dispute regarding Abu Dabbab Project**

Since late March 2015, the Company has been prevented from implementing its development and capital raising plans for the Abu Dabbab Project. The Egyptian Company for Mineral Resources (**ECMR**), which is the Company's 50% equity partner in Tantalum Egypt JSC (**TE**), the joint venture entity through which the Abu Dabbab Project is to be developed, alleges that the Company has abandoned the project. The Company has been advised that as of 27 July 2015, ECMR is seeking to have the Project Exploitation Licences removed from TE. Further details of the dispute are set out in Section 10.1.

The Company rejects ECMR's allegations in their entirety and denies that it has at any time abandoned the project. The Company has repeatedly attempted to engage with ECMR to resolve the matter so as to be able to proceed to develop the Abu Dabbab Project with ECMR as joint venturers through TE. ECMR has not responded positively to the Company in this regard.

Consequently, the Company has taken the view that it is highly unlikely that it will be able to regain access to the Abu Dabbab Project or its other interests and assets in Egypt. The Directors believe that the Company will likely need to seek recourse under Egyptian or international law.

However, there are uncertainties in relation to the outcome of any such claim due to the Egyptian and/or international legal jurisdiction. Any litigation, whether or not it is successful, could result in significant expense to the Company and cause a distraction to management and may impact adversely on the Company's operations, financial performance and financial position.

(g) **Foreign Jurisdictions**

The Company had mining and exploration interests in Egypt and Eritrea. The Egyptian interests are now the subject of a legal dispute (refer Section 7.2(f) above) and the Eritrean interests have been forfeited (refer to Section 7.2(k) below). However, the Company is actively searching for new exploration and mining ventures both in Australia and internationally. Any international assets or projects in which the Company may acquire an interest may potentially create new exposures to foreign jurisdictions.

Any foreign mining investments which the Company has or may enter into are subject to the risks normally associated with the conduct of business in foreign countries. The occurrence of one or more of these risks could have a material and adverse effect on the Company's profitability or the viability of its affected foreign operations, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

Risks may include, among others, civil disturbances and terrorist actions, arbitrary changes in laws or policies of particular countries, labour disputes, invalidation of governmental orders and permits, uncertain political and economic environments, sovereign risk, war (including in neighbouring states), the failure of foreign parties to honour contractual relations or obligations, corruption, foreign taxation, delays in obtaining or the inability to obtain necessary governmental permits, opposition to

mining from environmental or other non-governmental organisations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on mineral exports, instability due to economic under-development, inadequate infrastructure and increased financing costs. These risks may limit or disrupt the Company's operations, restrict the movement of funds or result in the deprivation of contractual rights or the taking of property by nationalisation or expropriation without fair compensation.

(h) **Title to Mineral Rights**

The acquisition and retention of title to mineral rights is a detailed and time consuming process. Title to, and the area of, mineral resources claims may be disputed or challenged. Should the Company's rights to explore for, mine, produce and sell under its mineral licenses not be honoured or be unenforceable for any reason, or if any material term of the licenses is unilaterally changed or not honoured, including the boundaries, the Company's ability to explore and produce mineral product or metals in the future would be materially and adversely affected, and this would have a material and adverse effect on the Company's financial performance and results of operations.

(i) **Government Policy**

Resource industry profitability can be affected by changes in government policy in Australia, Egypt or any other jurisdiction in which the Company may operate in the future relating to mineral exploration and production, all of which is beyond the control of the Company.

(j) **Political and Economic Stability in Egypt**

Political instability in Egypt and the broader Middle East has continued since 2011. There has been tension in the region which may result in a less stable political situation in the Middle East and in Egypt in particular which could have a material adverse effect on the Company.

The Company was conducting exploration and development activities in Egypt until a dispute with its partner ECMR which emerged in late March 2015. Resolution of that dispute appears destined for both international and Egyptian legal proceedings. Given the ongoing political instability in Egypt, there are uncertainties as to whether the dispute with ECMR will be heard and the outcome of any such litigation.

(k) **Eritrea and Political Risk**

The Company's activities in Eritrea are now focussed on winding down and ceasing operations in country. This process remains subject to sovereign risks, which may impede the completion of that process or result in the impairment or loss of part or all of the Company's interest in its assets there. These risks and uncertainties vary from time to time and include such matters as terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalisation, renegotiation or nullification of existing concessions, licenses, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation, and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local

contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in Eritrea or any other relevant jurisdiction in which the Company operates may adversely affect the Company's operations or profitability.

Operations in Eritrea, or any other jurisdiction in which the Company may operate in the future, may be affected in varying degrees by government regulations with respect to, but not limited to, restriction on production, price controls, export controls, currency remittance, income and other taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interest. The occurrence of these various factors and uncertainties cannot be predicted and could have an adverse effect on the Company's operations or profitability in varying degrees.

Under Eritrean mining law, expenditure commitments entered into by a tenement holder with respect to tenement are mandatory. Failure to expend funds in accordance with a commitment may result in a liability to the Eritrean government to the extent of the unexpended portion of the expenditure commitment, or forfeiture of the tenement/s. The Company was advised by the Eritrean Ministry of Energy and Mines (**Mines Ministry**) on 19 August 2015 that the Adobha Exploration Licence and the Gerasi South Exploration Licences had been terminated. The Company has been advised that the Mines Ministry will waive the unexpended portion of the expenditure commitments and there is no remaining liability in relation to the unexpended portion of the expenditure commitments. The Directors are of the view that the consolidated entity has no further obligations in relation to these licences.

(l) **History of Operating Losses**

The Company's operations have sustained operating losses during recent fiscal years. There is no guarantee that the Company will be profitable.

**7.3 General risks**

(a) **Share Market Conditions**

As the Company is a company listed on ASX and the Deutsche Börse, its share price is subject to numerous influences, which may affect both the trend in the share market and the share prices of individual companies.

The future success of ASX and the Deutsche Börse and liquidity in the market for the Shares cannot be guaranteed. In particular, the market for the Shares may be, or may become, illiquid and therefore the Shares may be or may become difficult to sell.

The market price of the Shares may be subject to fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, legislative changes in the Company's and other events and factors outside of the Company's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Shares. Quotation on ASX and the Deutsche Börse should not be taken as implying that there will be a liquid market for the Shares.

(b) **Economic**

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

(c) **Market conditions**

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

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

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

(d) **Operational Risk**

By its nature, the business of exploration, mineral development and production which the Company undertakes contains risks. Prosperity depends on the successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and efficient financial management. For its part, exploration is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns from unforeseen events.

(e) **Environmental Risks**

Exploration and mining programmes impact on the environment. These impacts are minimised by the Company's application of best practice principles.

(f) **Commodity Prices**

The prices that the Company may obtain for mineral commodities (particularly tantalum, feldspar, tin, gold and base metals) may fluctuate due to market conditions. Commodity prices are affected by a number of factors which are beyond the control of the Company. Such factors include supply and demand fluctuations for tantalum, feldspar, tin, gold and base metals, technological advancements, forward selling activities and other macro-economic factors. Commodity prices have fluctuated widely in recent years, and future serious price declines could cause continued development of, and commercial production from, the Company's properties to be impracticable or uneconomic.

(g) **Mineral Resource and Reserve Estimates**

There is no certainty that the mineral resources or any future ore reserve attributable to the Company will be realised. Until mineral resources or ore reserves are actually mined and processed, the quantity of mineral resources and ore reserve grades must be considered as estimates only. In addition, the quantity of ore reserves may vary depending on, among other things, metal prices and currency exchange rates. Any material change in the quantity of ore reserves, mineral resources, grade or stripping ratio may affect the economic viability of the properties. In addition, there can be no assurance that metal recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

(h) **Government Actions and Legal Risk**

The impact of actions by governments may affect the Company's activities including such matters as access to lands and infrastructure, compliance with environmental regulations, taxation and royalties.

The introduction of new legislation or amendments to existing legislation by governments, developments in the existing common law in any jurisdiction which governs the Company's operations or contractual obligations, could impact adversely on the assets, operations and the financial performance of the Company.

(i) **Insurance**

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes or slowdowns, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment or laws, and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in development or mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

(j) **Taxation**

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

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

(k) **Litigation Risks**

The Company is exposed to possible litigation risks including tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

(l) **Reliance on key personnel**

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

#### **7.4 Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

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

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## **8. RIGHTS AND LIABILITIES ATTACHING TO SHARES**

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

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

### **8.1 General meetings**

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

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

### **8.2 Voting rights**

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

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

### **8.3 Dividend rights**

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

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

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

#### **8.4 Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

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

#### **8.5 Shareholder liability**

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

#### **8.6 Transfer of shares**

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

#### **8.7 Future increase in capital**

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

#### **8.8 Variation of rights**

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

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

**8.9 Alteration of constitution**

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

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## 9. MATERIAL CONTRACTS

### 9.1 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter agreed to fully underwrite the Offer for 142,845,087 Shares (**Underwritten Shares**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 6% (plus GST) of the value of the Underwritten Shares. In addition, the Company will pay the Underwriter's costs and expenses in connection with the Offer up to a maximum of \$15,000.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement at any time prior to the Closing Date if:

- (a) **(Share Price)**: the Share price of the Company trading on the ASX under the ASX code of "AR1" finishes trading for 2 consecutive days with a closing Share price that is less than \$0.01 between the Opening Date and the Closing Date;
- (b) **(Indices fall)**: any of the following indexes closes on any 2 consecutive trading days before the shortfall notice deadline date 2% or more below its respective level as at the close of business on the business day prior to the date of the Underwriting Agreement:
  - (i) Dow Jones;
  - (ii) S&P 500;
  - (iii) Nasdaq;
  - (iv) Russell 2000;
  - (v) FTSE;
  - (vi) Nikkei; or
  - (vii) Shanghai SE Comp;
- (c) **(Offer Document)**: the Company does not lodge the Prospectus by the 28 October 2015 (**Lodgment Date**) (or such other date as agreed between the Company and the Underwriter) or the Prospectus or the Offer is withdrawn by the Company;
- (d) **(No Listing Approval)**: the Company fails to lodge an Appendix 3B in relation to the Underwritten Shares with ASX within 7 days of the Lodgment Date;
- (e) **(Restriction on issue)**: the Company is prevented from issuing the Underwritten Shares within the time required by the Underwriting Agreement, the Corporations Act, the ASX Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;

- (f) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt. 6.10 of the Corporations Act, which in the Underwriter's reasonable opinion has a Material Adverse Effect (as defined in the Underwriting Agreement);
- (g) **(Authorization)**: any authorization which is material to anything referred to in this Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter acting reasonably;
- (h) **(Indictable offence)**: a director or senior manager of a Relevant Company is charged with an indictable offence, which in the reasonable opinion of the Underwriter has or is likely to have a Material Adverse Effect (as defined in the Underwriting Agreement) on the Offer; or
- (i) **(Termination Events)**: subject always to the Material Adverse Effect (as defined in the Underwriting Agreement) qualification described below, upon the occurrence of any of the following events:
- (i) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Egypt, Australia, New Zealand, Indonesia, Japan, Russia, Iran, Israel, the United Kingdom, the United States of America, India, Pakistan, the People's Republic of China, or any member of the European Union, other than hostilities involving Libya, Afghanistan, Iraq, Syria or Lebanon, and the Underwriter believes (on reasonable grounds) that the outbreak or escalation is likely to result in any of the indexes stipulated in Section 9.1(b) above falling by the percentage contemplated by Section 9.1(b) above;
  - (ii) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking which is incapable of remedy or is not remedied by the date valid applications are required to be lodged by the Underwriter;
  - (iii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect in a material respect;
  - (iv) **(Contravention of constitution or Act)**: a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
  - (v) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect (as defined in the Underwriting Agreement) in relation to the Company's assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company;
  - (vi) **(Error in Due Diligence Results)**: it transpires that any of the due diligence results or any part of the verification material was

false, misleading or deceptive or that there was an omission from them that is materially adverse from the point of view of an investor;

- (vii) (**Significant change**): a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (viii) (**Public statements**): without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or the Prospectus other than a statement the Company is required to make in order to comply with its disclosure obligations under the ASX Listing Rules and/or the Corporations Act;
- (ix) (**Misleading information**): any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (x) (**Official Quotation qualified**): the approval granted by ASX for the Underwritten Shares to be listed for official quotation is qualified or conditional, and such conditional approval would, in the reasonable opinion of the Underwriter, have a Material Adverse Effect (as defined in the Underwriting Agreement);
- (xi) (**Change in Act or policy**): there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that has not been publicly disclosed or proposed as at the date of the Underwriting Agreement;
- (xii) (**Prescribed Occurrence**): a Prescribed Occurrence (as defined in the Underwriting Agreement) occurs, other than as disclosed in this Prospectus;
- (xiii) (**Suspension of debt payments**): the Company suspends payment of its debts generally;
- (xiv) (**Event of Insolvency**): an Event of Insolvency (as defined in the Underwriting Agreement) occurs in respect of a Relevant Company;
- (xv) (**Judgment against a Relevant Company**): a judgment in an amount exceeding \$50,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (xvi) (**Litigation**): litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against any Relevant Company, other than any claims foreshadowed in the Prospectus;

- (xvii) (**Board and senior management composition**): there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Underwritten Shares without the prior written consent of the Underwriter (such consent not to be unreasonably withheld);
- (xviii) (**Change in shareholdings**): there is a material change in the major or controlling shareholdings of a Relevant Company (other than as a result of the Offer or a matter disclosed in the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (xix) (**Timetable**): there is a delay in any specified date in the indicative timetable agreed between the Company and the Underwriter which is greater than 3 business days;
- (xx) (**Force Majeure**): a force majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xxi) (**Certain resolutions passed**): a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xxii) (**Capital Structure**): any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus and the Mandate Letter (summarised in Section 9.3 below);
- (xxiii) (**Breach of Material Contracts**): any of the material agreements of the Company as disclosed to ASX or any other material agreements described in this Prospectus is terminated or substantially modified;
- (xxiv) (**Investigation**): ASIC or any other person proposes to conduct any enquiry, investigation or proceedings, or to take any regulatory action or to seek any remedy, in connection with the Offer or the Prospectus, or publicly foreshadows that it may do so; or
- (xxv) (**Market Conditions**): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The Underwriter is not entitled to exercise its rights under termination event (i) above unless, in the reasonable opinion of the Underwriter reached in good faith, the occurrence of the termination event has or is likely to have, or two or more termination events together have or are could reasonably be expected to have:

- (a) a Material Adverse Effect (as defined in the Underwriting Agreement); or

- (b) could give rise to a liability of the Underwriter under the Corporations Act.

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

## 9.2 Sub-underwriting

The Underwriter has entered into a sub-underwriting agreement pursuant to which it has appointed the Kenny Associated Entity to sub-underwrite the Underwritten Shares on the following terms:

- (a) the Kenny Associated Entity has agreed to sub-underwrite the Underwritten Shares on a priority basis up to \$130,000 (13,000,000 Shares); and
- (b) the Kenny Associated Entity will receive a 4% (plus GST) sub-underwriting fee.

The Underwriter has entered into a number of other sub-underwriting agreements pursuant to which it has appointed a number of sub-underwriters to sub-underwrite the Underwritten Shares on similar terms.

## 9.3 Mandate Letter

The Company has entered into a mandate with the Underwriter, pursuant to which the Underwriter has agreed to act as lead manager, broker and underwriter to the Offer.

In the course of its appointment, the Underwriter will seek to co-ordinate, underwrite and manage the Offer.

The Underwriter's nominee, Celtic Capital Pty Ltd as trustee for The Celtic Capital Trust, has provided to the Company a loan facility of \$100,000 for working capital until completion of the Offer. Please refer to Section 9.6 below for details of the loan.

## 9.4 Debt Restructure Agreement – Ian Gandel and Gandel Metals Pty Ltd

As previously announced to the ASX, Gandel Metals Pty Ltd (**Gandel Metals**), an entity associated with Mr Ian Gandel (a former director of the Company) has provided various loans to the Company, which as at 30 September 2015 totalled \$3,500,046 (including interest) (**Gandel Loans**). As announced on 28 August 2015, the repayment date of the Gandel Loans has been extended to 30 November 2015.

Mr Ian Gandel resigned as a director of the Company with effect from 14 April 2015. Mr Gandel is owed \$159,609 in deferred director's fees and reimbursements of expenses (**Gandel Deferred Director Fees**).

On 13 August 2015, the Company entered into an agreement with Gandel Metals and Mr Ian Gandel, pursuant to which, subject to Shareholder approval, the Company has agreed to issue to Gandel Metals (or its nominee) 18,000,000 Shares at a deemed issue price of \$0.01 per Share, in satisfaction of \$180,000 of the Company's outstanding debt to Gandel Metals regarding the Gandel Loans.

Subject to and conditional on:

- (a) successful raising of not less than \$1,200,000 (before expenses) pursuant to the Offer; and
- (b) Shareholders approving certain resolutions at the General Meeting (which approvals were obtained),

by 30 November 2015, Gandel Metals and Mr Ian Gandel have agreed to extinguish in full all of the debts owed to them by the Company (save for the \$180,000 of the debt which is to be satisfied via the issue of Shares), including but not limited to the Gandel Loans and the Gandel Deferred Director Fees and all interest that shall accrue on the Gandel Loans between 30 June 2015 and the date of extinguishment.

#### 9.5 Debt Restructure Agreement – VentureWorks JDK Pty Ltd

As at 30 September 2015, Ventureworks JDK Pty Ltd (**VentureWorks**), an entity associated with Mr John Kenny (a director of the Company) is owed \$136,000 in deferred fees (**Kenny Deferred Fees**).

On 20 August 2015, the Company entered into an agreement with VentureWorks pursuant to which, subject to Shareholder approval, the Company has agreed to issue to VentureWorks (or its nominee) 9,600,000 Shares at a deemed issue price of \$0.01 per Share, in satisfaction of \$96,000 of the Company's outstanding debts to VentureWorks.

Subject to and conditional on:

- (a) a successful raising of not less than \$1,200,000 (before expenses) pursuant to the Offer; and
- (b) Shareholders approving certain resolutions at the General Meeting (which approvals were obtained),

by 30 November 2015, VentureWorks has agreed to extinguish in full all of the debts owed to it by the Company (save for the \$96,000 of the debt which is to be satisfied via the issue of Shares), including but not limited to the Kenny Deferred Fees and all other fees that shall accrue between 30 June 2015 and the date of extinguishment.

#### 9.6 Celtic Loan

On 21 August 2015, the Company entered into binding terms sheet with Celtic Capital Pty Ltd as trustee for the Celtic Capital Trust (**Celtic Capital**), as varied on 27 October 2015 pursuant to which Celtic Capital has provided to the Company an unsecured \$100,000 bridging loan (**Celtic Loan**).

The Celtic Loan is fully drawn and incurs an interest rate of 15.00 % pa, capitalised monthly. In accordance with the terms of the Gandel Loan agreements, Gandel Metals has consented to the Company borrowing the Celtic Loan.

The Celtic Loan, together with all accrued interest (**Outstanding Monies**), is repayable by 15 December 2015 (or such later date as agreed in writing by the parties) (**Repayment Date**). If the Company undertakes an equity raising, the Company must immediately repay the Outstanding Monies. Accordingly, the Outstanding Monies will be repaid from the proceeds of the Offer.

Celtic Capital is an entity associated with Mr Jason Peterson, a Proposed Director of the Company, who is also a director of CPS Capital Group Pty Ltd, the Underwriter and Manager of the Offer.

#### **9.7 Non-Executive Director Appointment Letter**

The Company proposes to enter into an appointment letter with Mr Jason Peterson, a Proposed Director, on standard terms for agreements of this nature, under which he will be appointed on completion of the Offer as a Non-Executive Director of the Company and will be entitled to Director fees of \$40,000 per annum.

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## 10. ADDITIONAL INFORMATION

### 10.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings or legal disputes and the Directors are not aware of any legal proceedings pending or threatened against the Company, other than as set out below.

#### ***Dispute with ECMR***

As detailed in Section 7.2(f) above, since late March 2015, the Company has been prevented from implementing its development and capital raising plans for the Abu Dabbab Project. The Egyptian Company for Mineral Resources (**ECMR**), which is the Company's 50% equity partner in Tantalum Egypt JSC (**TE**), the joint venture entity through which the Abu Dabbab Project is to be developed, alleges that the Company has abandoned the project. ECMR has indicated to the Company that it is seeking ways to dissolve TE and reissue the Project Exploitation Licences to a third party, although no formal notice to that effect has been received by the Company.

The Company rejects ECMR's allegations in their entirety and denies that it has at any time abandoned the project. The Company has repeatedly attempted to engage with ECMR to seek clarification and to resolve the matter so as to be able to proceed to develop the Abu Dabbab Project with ECMR as joint venturers through TE. To date, ECMR has not responded to the Company's requests. As a result of ECMR's unwillingness to engage with the Company, the Company has suspended further funding into TE.

Consequently, following legal advice, the Board believes that it is highly unlikely that it will be able to regain access to the Abu Dabbab Project or its other interests and assets in Egypt. The Company will likely need to seek recourse under Egyptian or international law.

Further details of the dispute are set out in the Company's ASX Announcement "Egyptian Asset Expropriation Update" dated 17 August 2015.

#### ***Potential dispute with former director***

On 20 July 2015, the Company advised Mr Jon Starink, who at the time was a director of the Company, that the Board had formed the preliminary view that his employment should be summarily terminated. Mr Starink was required to address a number of matters that informed the Board's preliminary view and to show cause as to why his employment should not be summarily terminated. Mr Starink did not respond to the show cause letter before he resigned as a director of the Company on 31 July 2015.

Mr Starink has claimed that non-payment of his salary for the months of May and June 2015 constituted a repudiation of his employment agreement, which repudiation he accepted. The Company denied having repudiated his employment agreement.

Mr Starink has threatened to commence legal action in respect of contractual and statutory entitlements and damages for breach of his employment agreement, wrongful dismissal and/or a breach of the general protection provisions under the *Fair Work Act 2009* (Cth) arising from the repudiation of his employment agreement. However, as at the date of this Prospectus, no

proceedings have been issued. The Company will vigorously defend any action brought by Mr Starink and may also seek to counter-claim against Mr Starink.

## 10.2 Continuous disclosure obligations

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

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

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

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

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

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

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

to in (i) and before the lodgement of this Prospectus with the ASIC; and

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

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

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

Date	Description of Announcement
26/10/2015	Notice of Annual General Meeting/Proxy Form
26/10/2015	Corporate Governance Statement 2015 and Appendix 4G
26/10/2015	Annual Report to shareholders
19/10/2015	Change of Name and ASX Code
07/10/2015	Quarterly Activities and Cashflow Reports
30/09/2015	Full Year Statutory Accounts

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

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

### 10.3 Market price of shares

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

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

	(\$)	Date
Highest	\$0.30	28 July 2015 to 14 August 2015
Lowest	\$0.025	16 to 23 October 2015
Last	\$0.031	27 October 2015

### 10.4 Interests of Directors

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

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

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

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

### **Security holdings**

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

Director	Shares	Options	Entitlement	\$
<b>Existing Directors</b>				
Michael Rosenstreich	Nil	Nil	Nil	\$Nil
John Kenny <sup>1</sup>	51,659	Nil	361,613	\$3,616
Rowan Caren	Nil	Nil	Nil	\$Nil
<b>Proposed Director</b>				
Jason Peterson <sup>2</sup>	Nil	Nil	Nil	\$Nil

#### **Note:**

- As detailed in Section 5.15, the Kenny Associated Entity has agreed to sub-underwrite the Offer up to \$130,000 (13,000,000 Shares). The Kenny Associated Entity has entered into a sub-underwriting agreement with the Underwriter on the terms set out in Section 9.2.
- To be appointed following successful completion of the Offer.

The Board recommends all Shareholders take up their Entitlement and advises that Mr John Kenny (via his associated entity) intends to take up his Entitlement.

### **Remuneration**

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions

by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

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

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

Director	FY 2016	FY 2015	FY 2014
<b>Existing Directors</b>			
Michael Rosenstreich	\$173,800	\$194,340	\$102,360 <sup>1</sup>
John Kenny	\$40,000	\$40,000 <sup>2</sup>	\$40,000 <sup>2</sup>
Rowan Caren <sup>3</sup>	\$84,000	\$72,520	\$Nil
<b>Proposed Director</b>			
Jason Peterson <sup>4</sup>	\$40,000	\$Nil	\$Nil

**Notes:**

1. Mr Rosenstreich was appointed as a Director on 24 March 2014. This amount includes consulting fees of \$70,200 paid to Mr Rosenstreich during the period prior to his appointment as a Director.
2. These amounts were accrued, but not paid to VentureWorks JDK Pty Ltd, an entity associated with Mr Kenny, pending an improvement in the Company's financial position. On completion of the Offer, this liability and all other debts owing to VentureWorks JDK Pty Ltd will be extinguished by the issue of 9,600,000 Shares as approved by Shareholders at the General Meeting.
3. Mr Caren was appointed as a Director on 24 April 2015. The FY 2015 amount includes consulting fees of \$57,420 paid to Mr Caren during the period prior to his appointment as a Director. As Mr Caren was not a Director during FY 2014, no remuneration has been reported.
4. To be appointed subject to successful completion of the Offer.

**10.5 Directors' Disclosure Regarding Previous Directorships**

Mr John Kenny is a director of The Ark Fund Limited (Receiver and Manager Appointed) (Administrators Appointed), and was a director of Rural Labour Pty Ltd at the time that administrators were appointed and Tunbridge Properties Pty Ltd at the time that a receiver and manager was appointed. The Ark Fund Ltd had a receiver and manager appointed to it on 2 June 2010. Tunbridge Properties Pty Ltd had a receiver and manager appointed to it on 12 August 2008. Rural Labour Pty Ltd went into administration on 17 May 2010.

The Directors of the Company have considered the circumstances surrounding Mr Kenny's involvement in The Ark Fund Ltd (Receiver and Manager Appointed) (Administrators Appointed), Rural Labour Pty Ltd and Tunbridge Properties Pty Ltd and are of the view that Mr Kenny's involvement in these companies in no way impacts on his appointment and contribution as a Director of the Company.

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## 10.6 Interests of experts and advisers

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

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

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

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

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

- (a) the formation or promotion of the Company; or
- (b) the Offer.

CPS Capital Group Pty Ltd will be paid an underwriting fee of 6% of the value of the Underwritten Shares (being approximately \$85,707) in respect of the Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, CPS Capital Group Pty Ltd has not received any other fees from the Company.

CPS Capital Group Pty Ltd has also been appointed as the nominee under ASX Listing Rule 7.7.1 (c). CPS Capital Group Pty Ltd will be paid for this service on standard industry terms and conditions.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$60,341.23 (excluding GST and disbursements) for legal services provided to the Company.

## 10.7 Consents

Each of the parties referred to in this Section:

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

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

CPS Capital Group Pty Ltd has given its written consent to being named as Underwriter and Lead Manager to the Offer in this Prospectus, in the form and context in which it is named. CPS Capital Group Pty Ltd (including its related entities) is not a Shareholder of the Company and currently has no relevant interest in any of the Company's securities. CPS Capital Group Pty Ltd has also given and has not withdrawn its consent to be named as the Company's nominee under ASX Listing Rule 7.7. CPS Capital Group Pty Ltd has not caused or authorised the issue of this Prospectus, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

Mr Jason Peterson has given his written consent to being named as a proposed director of the Company and to all other information relating to him in this Prospectus, in each case in the form and context in which that information is included. Mr Peterson has not withdrawn his consent prior to lodgement of this Prospectus with ASIC.

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

Deloitte Touche Tohmatsu has given its written consent to being named as the auditors to the Company in this Prospectus and the inclusion in Section 7.2(d) of reference to the independent auditor's report accompanying the consolidated entity's financial report for the year ended 30 June 2015 containing a disclaimer of opinion and an emphasis of matter paragraph in respect of a material uncertainty regarding the consolidated entity's and Company's continuation as going concerns, Section 6.3 to the audited consolidated statement of financial position as at 30 June 2015 and to all references to the independent auditor's report and the consolidated statement of financial position in the form and context in which those references appear in this Prospectus and has not withdrawn its consent before lodgement of this Prospectus with the ASIC.

## 10.8 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$120,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,320
ASX fees	6,090
Underwriting fees	85,707
Legal fees	15,000
Printing and distribution	3,000
Miscellaneous	7,883
<b>Total</b>	<b>120,000</b>

## **10.9 Electronic prospectus**

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 6102 2609 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at [www.gippslandltd.com](http://www.gippslandltd.com).

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

## **10.10 Financial forecasts**

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

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

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

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

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

## **10.12 Privacy Act**

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

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

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

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

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**11. DIRECTORS' AUTHORISATION**

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

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

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Michael Rosenstreich  
**Chairman and Managing Director**  
For and on behalf of  
**ARROWHEAD RESOURCES LIMITED**

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## 12. GLOSSARY

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

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

**Application** means an application to subscribe for Shares under this Prospectus.

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

**Application Monies** means money submitted by Applicants in respect of Applications.

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

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

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

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

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

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

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

**Company** or **Arrowhead** means Arrowhead Resources Limited (ACN 004 766 376).

**Consolidation** means the consolidation of the Company's existing Shares on the basis that every 100 Shares were consolidated into 1 Share, with fractional entitlements rounded up, undertaken by the Company as approved at the General Meeting, which was completed on 13 October 2015.

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

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

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

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

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

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

**General Meeting** means the general meeting of Shareholders held on 29 September 2015.

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

**Kenny Associated Entity** has the meaning given to the term in Section 5.14.

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

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

**Prospectus** means this prospectus.

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

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

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

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

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

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

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in Section 5.17.

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

**Underwriter** means CPS Capital Group Pty Ltd (ABN 73 088 055 636).

**Underwritten Shares** has the meaning given to the term in Section 9.1.

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

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