

ALDORO RESOURCES LIMITED
ACN 622 990 809

ENTITLEMENT ISSUE PROSPECTUS – LOYALTY OPTIONS

For a non-renounceable entitlement issue of one (1) Loyalty Option for every five (5) Shares held by those Eligible Shareholders registered at the Record Date at an issue price of \$0.01 per Loyalty Option to raise up to \$132,762 (**Offer**).

IMPORTANT NOTICE

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

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

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1. CORPORATE DIRECTORY

Directors

Joshua Letcher
Non-Executive Chairman

Troy Flannery
Non-Executive Director

Lincoln Ho
Non-Executive Director

Company Secretary

Sarah Smith

Share Registry*

Automic Share Registry
Level 2, 267 St Georges Terrace
PERTH WA 6000

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Solicitors

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

Lead Manager

Xcel Capital Pty Ltd
Suite 2, Level 1
1 Altona Street
WEST PERTH WA 6005

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

2. TIMETABLE

Announcement of Offer and lodgement of Appendix 3B with ASX	25 January 2021
Lodgement of Prospectus with the ASIC and ASX	29 January 2021
Ex date	3 February 2021
Record Date for determining Entitlements	4 February 2021
Prospectus despatched to Shareholders & Company announces despatch has been completed	9 February 2021
Last day to extend Closing Date	15 February 2021
Closing Date after 5pm*	18 February 2021
Loyalty Options quoted on a deferred settlement basis	19 February 2021
Announcement of results of issue	23 February 2021
Issue date and lodgement of Appendix 2A with ASX applying for quotation of the Loyalty Options	25 February 2021

* 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 Loyalty Options are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 29 January 2021 and was lodged with the ASIC on that date. The ASIC, the ASX and their officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Loyalty Options 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 Loyalty Options the subject of this Prospectus should be considered highly speculative.

Applications for Loyalty Options offered pursuant to this Prospectus can only be submitted on an 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.

3.1 Risk factors

Potential investors should be aware that subscribing for Loyalty Options in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Loyalty Options 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 Loyalty Options pursuant to this Prospectus.

3.2 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 of this Prospectus.

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4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of one (1) Loyalty Option for every five (5) Shares held by Shareholders registered at the Record Date at an issue price of \$0.01 per Loyalty Option. Fractional entitlements will be rounded down to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 13,276,160 Loyalty Options will be issued pursuant to this Offer to raise up to \$132,762. If all Loyalty Options issued under the Offer are exercised (exercisable at \$0.30), the Company will receive approximately \$3,982,848.

As at the date of this Prospectus the Company has 8,500,000 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 5.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

All of the Loyalty Options offered under this Prospectus will be issued on the terms and conditions set out in Section 6.1 of this Prospectus.

All of the Shares issued upon the future exercise of the Loyalty Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6.2 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 5.1 of this Prospectus.

4.2 What Eligible Shareholders may do

The number of Loyalty Options to which Eligible Shareholders are entitled is shown on the personalised Entitlement and Acceptance Form which can be accessed at www.aldororesources.com. Eligible Shareholders may choose any of the options set out in the table below.

Option	Key Considerations	For more information
Take up all of your Entitlement	<p>(a) Should you wish to accept all of your Entitlement, then your application for Loyalty Options under this Prospectus must be made by following the instructions on the personalised Entitlement and Acceptance Form which can be accessed at www.aldororesources.com. Please read the instructions carefully.</p> <p>(b) Payment can be made by the methods set out in Section 4.3. As set out in Section 4.3, if you pay by BPAY or EFT, you do not need to return the Entitlement and Acceptance Form.</p>	Section 4.3 and Section 4.4.
Take up all of your Entitlement and	<p>(a) Should you wish to accept all of your Entitlement and apply for Shortfall Options, then your application for your</p>	Sections 4.3, 4.4 and 4.5

Option	Key Considerations	For more information
also apply for Shortfall Options	<p>Entitlement and additional Shortfall Options under this Prospectus must be made by following the instructions on your personalised Entitlement and Acceptance Form which can be accessed at www.aldororesources.com. Please read the instructions carefully.</p> <p>(b) Payment can be made by the methods set out in Section 4.3. Payment should be made for your Entitlement and the amount of the Shortfall for which you are applying.</p> <p>(c) If you apply for Shortfall Options beyond your Entitlement you are deemed to have accepted your Entitlement in full. You should note that the allocation of Shortfall Options is at the Company's absolute discretion as per the allocation policy set out in Section 4.5. Accordingly, your application for additional Shortfall Options may be scaled-back.</p> <p>(d) The Company's decision on the number of Shortfall Options to be allocated to you will be final.</p>	
Take up a proportion of your Entitlement and allow the balance to lapse	If you wish to take up only part of your Entitlement and allow the balance to lapse, your application must be made by completing the personalised Entitlement and Acceptance Form which can be accessed at www.aldororesources.com for the number of Loyalty Options you wish to take up and making payment using the methods set out in Section 4.3 below. As set out in Section 4.3, if you pay by BPAY or EFT, you do not need to return the Entitlement and Acceptance Form.	Section 4.3 and Section 4.4
Allow all or part of your Entitlement to lapse	If you do not wish to accept 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.	N/A

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

4.3 Payment options

(a) 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®:

- (i) 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;
- (ii) 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 Loyalty Options which is covered in full by your Application monies; and
- (iii) if you pay more than is required to subscribe for your Entitlement, you will be taken to have applied for Shortfall Options (if any) under the Shortfall Offer, to the extent of the excess.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. **It is your responsibility to ensure that funds submitted through BPAY® are received by 5:00pm (WST) on the Closing Date. The Company shall not be responsible for any delay in the receipt of the BPAY® payment.**

Guidance where you have more than one CRN (Shareholding of Shares)

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).

(b) By Electronic Funds Transfer (overseas applicants)

For payment by Electronic Funds Transfer (**EFT**) for overseas Eligible Shareholders, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via EFT if you are the holder of an account that supports EFT transactions to an Australian bank account. Please note that should you choose to pay by EFT:

- (i) 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;
- (ii) 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 Loyalty Options which is covered in full by your Application monies; and
- (iii) if you pay more than is required to subscribe for your Entitlement, you will be taken to have applied for Shortfall Options (if any) under the Shortfall Offer, to the extent of the excess.

(c) By Cheque

Payment by cheque or cash will not be accepted.

4.4 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form or paying any Application monies by BPAY® or EFT 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;
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® or EFT payment instruction is given in relation to any Application monies, the application may not be varied or withdrawn except as required by law.

4.5 Underwriting

The Offer is not underwritten.

4.6 Lead manager

Xcel Capital Pty Ltd (**Lead Manager**) has been appointed as Lead Manager to the Offer. The Company has appointed the Lead Manager to place any shortfall of Loyalty Options offered to Shareholders. In consideration for its appointment, the Lead Manager (or its nominees) will receive:

- (a) a management fee of \$10,000 (exclusive of GST); and
- (b) 3,750,000 quoted Options on the same terms as offered to Shareholders under the Offer, including an issue price of \$0.01 per Option.

4.7 Effect on control of the Company

In addition, Shareholders should note that if they do not participate in the Offer, their holdings, upon the future exercise of the Options, are likely to be diluted by approximately 16.67% (as compared to their holdings and number of Shares on issue as at the date of the 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	10,000,000	15.06%	2,000,000	10,000,000	12.55%
Shareholder 2	5,000,000	7.53%	1,000,000	5,000,000	6.28%
Shareholder 3	1,500,000	2.26%	300,000	1,500,000	1.88%
Shareholder 4	400,000	0.60%	80,000	400,000	0.50%
Shareholder 5	50,000	0.08%	10,000	50,000	0.06%
Total	66,380,803		13,276,160		79,656,963

Notes:

1. This table assumes that all Options issue under the Offer are exercised.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not

subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

4.8 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 Option to be issued under the Shortfall Offer shall be \$0.01 being the price at which Loyalty Options have been offered under the Offer (**Shortfall Options**).

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

The Lead Manager, in consultation with the Directors, reserves the right to issue Shortfall Options at its absolute discretion. The Lead Manager reserves the right to refuse an application for Shortfall Options from Eligible Shareholders or issue a lesser number of Shortfall Options than applied for or no Shortfall Options at all.

Subject to obtaining Shareholder approval at the Company's general meeting to be held in or around March 2021, Messrs Joshua Letcher, Lincoln Ho and Troy Flannery intend to participate in the Shortfall Offer up to the following amounts:

- (a) Mr Joshua Letcher intends to apply for up to \$20,000 worth of Loyalty Options (being 2,000,000 Loyalty Options);
- (b) Mr Lincoln Ho Letcher intends to apply for up to \$10,000 worth of Loyalty Options (being 1,000,000 Loyalty Options); and
- (c) Mr Troy Flannery intends to apply for up to \$20,000 worth of Loyalty Options (being 2,000,000 Loyalty Options).

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

4.9 ASX listing

Application for Official Quotation of the Loyalty Options 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 Loyalty Options 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 Loyalty Options and will repay all application monies for the Loyalty Options within the time prescribed under the Corporations Act, without interest.

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

4.10 Allotment

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

Shortfall Options issued pursuant to the Shortfall Offer may be allotted on a progressive basis. Where the number of Shortfall Options issued is less than the number applied for, or where no allotment 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 allotment and issue of the Loyalty Options or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

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

4.11 Overseas shareholders

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

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

New Zealand

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

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

4.12 Enquiries

Any questions concerning the Offer should be directed to the Company's Share Registry, Automic on 1300 288 664 or +61 2 9698 5414 between 8:30am and 5:00pm (AWST).

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$132,762.

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

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Expenses of the Offer ¹	51,388	38.7
2.	Working capital ²	81,374	61.3
	Total	132,762	100

Notes:

1. Refer to Section 8.7 of this Prospectus for further details relating to the estimated expenses of the Offer.
2. Including administrative costs, ongoing project development expenses and operating expenses.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis. In the event the Offer is not fully subscribed, the Company will first account for expenses of the Offer and will appropriately scale back the funds available for working capital.

5.2 Effect of the Offer

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

- (a) increase the cash reserves by \$81,374 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Options on issue from 8,500,000 as at the date of this Prospectus to 29,226,160 Options (including the Options to be issued to the Directors (subject to Shareholder approval), Company Secretary and the Lead Manager).

5.3 Pro-forma balance sheet

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

The pro-forma statement of financial position has been prepared assuming all Loyalty Options offered under the Prospectus are issued.

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.

	UNAUDITED 31-Dec-20	PROFORMA Maximum Raise (1), (2), (3)	PROFORMA Total After Issue
	\$	\$	\$
CURRENT ASSETS			
CURRENT ASSETS			
Cash	2,186,741	155,874	2,342,615
Other receivables	49,029	-	49,029
TOTAL CURRENT ASSETS	2,235,770	155,874	2,391,644
NON-CURRENT ASSETS			
Exploration and evaluation assets	4,528,524	-	4,528,524
TOTAL NON-CURRENT ASSETS	4,528,524	-	4,528,524
TOTAL ASSETS	6,764,294	155,874	6,920,168
CURRENT LIABILITIES			
Trade and other payables	53,581	-	53,581
TOTAL CURRENT LIABILITIES	53,581	-	53,581
TOTAL LIABILITIES	53,581	-	53,581
NET ASSETS	6,710,713	155,874	6,866,587
EQUITY			
Share capital	9,314,240	-	9,314,240
Options Reserve	110,000	207,262	317,262
Retained loss	(2,713,527)	(51,388)	(2,764,915)
TOTAL EQUITY	6,710,713	155,874	6,866,587

Notes:

1. Non-renounceable entitlement issue of one (1) Loyalty Option for every five (5) Shares at an issue price of \$0.01 per Loyalty Option to raise up to \$132,762.
2. Proceeds of \$74,500 from the issue of Options to the Directors, Company Secretary and

Lead Manager.

3. Costs of the offer.

5.4 Effect on capital structure

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

Shares

	Number
Shares currently on issue	66,380,803
Shares offered pursuant to the Offer	Nil
Total Shares on issue after completion of the Offer	66,380,803

Options

	Number
Options currently on issue:	
Unquoted Options exercisable at \$0.225 on or before 18 November 2022	2,000,000
Unquoted Options exercisable at \$0.175 on or before 9 September 2023	4,500,000
Unquoted Options exercisable at \$0.234 on or before 9 September 2023	2,000,000
Options to be issued to the Lead Manager (or its nominees) ¹	3,750,000
Options to be issued to Directors ^{1,2}	3,500,000
Options to be issued to Company Secretary ^{1,3}	200,000
Loyalty Options offered pursuant to the Offer ¹	13,276,160
Total Options on issue after completion of the Offer²	29,226,160

Notes:

- Refer to Section 6.1 of this Prospectus for the terms of the Options offered pursuant to the Offer, to the Directors, Company Secretary and to the Lead Manager (refer to Section 4.6 for details of the fees payable to the Lead Manager).
- The issue of Options to Directors is subject to Shareholder approval at a general meeting of the Company to be held in or around March 2021 (**General Meeting**). At the General Meeting, the Company is seeking Shareholder approval for the issue of:
 - 1,500,000 Options to Joshua Letcher;
 - 1,000,000 Options to Troy Flannery; and
 - 1,000,000 Options to Lincoln Ho.
- The Company proposes to issue 200,000 Options to the Company Secretary under the Company's 7.1 placement capacity.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 74,880,803 Shares (assuming all Options are exercised) and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised prior to the Record Date) would be 88,156,963 Shares (excluding Options to be issued to the Lead Manager, Directors and Company Secretary).

5.5 Details of substantial holders

Based on publicly available information as at 29 January 2021, those persons which (together with their associates) have submitted substantial shareholder notices to the Company for a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
The Pioneer Development Fund (Aust) Limited	6,310,989	9.51%

The Offer will have no effect on the quantity of Shares held by these substantial shareholders as only Options are being issued.

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

6.1 Loyalty Options

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Loyalty Option will be \$0.30 (**Exercise Price**).

(c) **Expiry Date**

Each Loyalty Option will expire at 5:00 pm (WST) 2.5 years from the date of issue (**Expiry Date**). A Loyalty Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

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

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

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

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

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

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

(j) **Participation in new issues**

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

(k) **Change in exercise price**

A Loyalty Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Loyalty Option can be exercised.

(l) **Transferability**

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

6.2 Shares

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

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

(a) **General meetings**

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

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

(b) **Voting rights**

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

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

(c) **Dividend rights**

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

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

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

(d) **Winding-up**

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

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

(e) **Shareholder liability**

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

(f) **Transfer of Shares**

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

(g) **Future increase in capital**

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

(h) **Variation of rights**

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

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

(i) **Alteration of Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at

least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

For personal use only

7. RISK FACTORS

7.1 Introduction

The Loyalty Options 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 Loyalty Options 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) Coronavirus (COVID-19)

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

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

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

(b) **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.

(c) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. The Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

7.3 Industry specific

(a) **Land access**

Land the subject of the Company's tenements overlaps Crown land. The *Mining Act 1978 (WA)* imposes prohibitions on prospecting, exploration and mining activities and restrictions on access to certain parts of mining tenements that overlap Crown land without the prior agreement of the occupier which commonly involves the tenement holder paying compensation to the occupier of the Crown land.

Although the Company will be able to undertake its proposed activities on those parts of the granted tenements not covered by the prohibitions and pass over those parts of the tenements to which the restrictions do not apply immediately upon listing on ASX, the Company should consider entering into access and compensation agreements with the occupiers of the Crown land upon commencement of those activities in the event further activities are or access is required on other areas of the tenements which are subject to prohibitions or restrictions.

The Company is not aware of any improvements or other features on the land the subject of the tenements that would impact on the timing of the Company's initial proposed activities. In the event consent of the occupier is required for future activities and compensation is required there is a risk that those activities may be delayed until an agreement is reached, or, in the absence of agreement, a decision is made by the warden's court. This may result in alterations to the Company's plans which may, in turn, adversely affect the Company's operations.

(b) **Tenure, access and grant of applications**

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

Tenements are subject to the applicable mining acts and regulations in Western Australia. The renewal of the term of a granted tenement is also

subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

The Company considers the likelihood of tenure forfeiture to be low given the laws and regulations governing exploration in Western Australia and the ongoing expenditure budgeted for by the Company. However, the consequence of forfeiture or involuntary surrender of a granted tenement for reasons beyond the control of the Company could be significant.

(c) **Exploration and operating**

Potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that future exploration of the tenement, or any other mineral licences that may be acquired in the future, will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns or adverse weather conditions, unanticipated operational and technical difficulties, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, industrial and environmental accidents, industrial disputes, unexpected shortages and increases in the costs of consumables, spare parts, plant, equipment and staff, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company being able to maintain title to the mineral exploration licence comprising the Project and obtaining all required approvals for their contemplated activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the project, a reduction in the cash reserves of the Company and possible relinquishment of the mineral exploration licence comprising the project.

(d) **Exploration costs**

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

(e) **Operating and Development Risks**

The Company's ability to achieve production, development, operating cost and capital expenditure estimates on a timely basis cannot be assured.

The business of mining involves many risks and may be impacted by factors including ore tonnes, grade and metallurgical recovery, input prices (some of which are unpredictable and outside the control of the Company), overall availability of free cash to fund continuing development activities, labour force disruptions, cost overruns, changes in the regulatory environment and other unforeseen contingencies. Other risks also exist such as environmental hazards (including discharge of pollutants or hazardous chemicals), industrial accidents, occupational and health hazards, cave-ins and rock bursts. Such occurrences could result in damage to, or destruction of, production facilities, personal injury or death, environmental damage, delays in mining, increased production costs and other monetary losses and possible legal liability to the owner or operator of the mine. The Company may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities for which it was not responsible.

In addition, the Company's profitability could be adversely affected if for any reason its production and processing of or mine development is unexpectedly interrupted or slowed. Examples of events which could have such an impact include unscheduled plant shutdowns or other processing problems, mechanical failures, the unavailability of materials and equipment, pit slope failures, unusual or unexpected rock formations, poor or unexpected geological or metallurgical conditions, poor or inadequate ventilation, failure of mine communications systems, poor water condition, interruptions to gas and electricity supplies, human error and adverse weather conditions.

(f) **Nickel and cobalt price volatility and exchange rates**

Changes in the market prices of nickel and cobalt, which in the past have fluctuated widely, will affect the profitability of the Company's operations and its financial condition. The Company's revenues, profitability and viability depend on the market price of nickel and cobalt produced from the Company's Projects. The market price of nickel and cobalt is set in the world market and is affected by numerous industry factors beyond the Company's control including the demand for metals, expectations with respect to the rate of inflation, interest rates, currency exchange rates, the demand for industrial products containing metals, nickel production levels, inventories, cost of substitutes, changes in global or regional investment or consumption patterns, and sales by central banks and other holders, speculators and procedures of nickel and other metals in response to any of the above factors, and global and regional political and economic factors.

A decline in the market price of nickel or cobalt below the Company's production costs for any sustained period would have a material adverse impact on the profit, cash flow and results of operations of the Company's projects and anticipated future operations. Such a decline also could have a material adverse impact on the ability of the Company to finance the exploration and development of its existing and future mineral projects. A decline in the market price of nickel or cobalt may also require the Company to write-down its material reserves which would have a material adverse effect on the value of the Company's securities. Further, if revenue from nickel or cobalt sales declines, the Company may experience liquidity difficulties. The Company will also have to assess the economic impact of any sustained lower nickel or cobalt prices on

recoverability and therefore, on cut-off grades and the level of its mineral reserves and resources.

If the Company achieves success leading to nickel or cobalt production, the revenue it will derive through the sale of these metals exposes the potential income of the Company to price and exchange rate risks. Nickel and cobalt prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of nickel and cobalt are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(g) **Resource and reserves and exploration targets**

The Company has identified a number of exploration targets based on geological interpretations and limited geophysical data, geochemical sampling and historical drilling. Insufficient data however, exists to provide certainty over the extent of the mineralisation. Whilst the Company intends to undertake additional exploratory work with the aim of defining a resource, no assurances can be given that additional exploration will result in the determination of a resource on any of the exploration targets identified. Even if a resource is identified no assurance can be provided that this can be economically extracted.

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

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

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

(i) **Mine development**

Possible future development of mining operations at the Projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of

consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company commences production on the Projects, its operations may be disrupted by a variety of risks and hazards which are beyond the control of the Company. No assurance can be given that the Company will achieve commercial viability through the development of the Projects.

The risks associated with the development of a mine will be considered in full should the Projects reach that stage and will be managed with ongoing consideration of stakeholder interests.

(j) **Equipment and availability**

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

(k) **Exploration and Mining Titles**

The ability of the Company to carry out successful exploration and mining activities will depend on the ability to maintain or obtain tenure to mining titles. The maintenance or issue of any such titles must be in accordance with the laws of the relevant jurisdiction and in particular, the relevant mining legislation. Conditions imposed by such legislation must also be complied with. No guarantee can be given that tenures will be maintained or granted, or if they are maintained or granted, that the Company will be in a position to comply with all conditions that are imposed or that they will not be planted by third parties.

Although the Company has investigated title to its tenements, the Company cannot give any assurance that title to such tenements will not be challenged or impugned. The tenements may be subject to prior unregistered agreements or transfers or title may be affected by undetected defects or native title claims.

(l) **Environmental**

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

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable

rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

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

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

(m) **Environmental Health and Safety matters**

The Company's mining operations will be subject to extensive Australian health and safety and environmental laws and regulations which could impose significant costs and burdens on the Company (the extent of which cannot be predicted). These laws and regulations provide for penalties and other liabilities for violation of such standards and if established, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. Permission to operate could be withdrawn temporarily where there is evidence of serious breaches of health and safety and environmental laws and regulations and even permanently in the case of extreme breaches.

(n) **Native title**

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

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

(o) **Climate change risks**

There are a number of climate-related factors that may affect the operations and proposed activities of the Company. Relevant to the Company, climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

7.4 General risks

(a) Economic

General economic conditions, introduction of tax reform, new legislation, 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.

(b) Commodity price volatility and exchange rate risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of product exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(c) Competition risk

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

(d) 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.
- (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.

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of exploration companies experience extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. These factors may materially affect the market price of the Shares regardless of the Company's performance.

(e) **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.

(f) **Agents and contractors**

The Directors are unable to predict the risk of the insolvency or managerial failure by any of the contractors used (or to be used in the future) by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used (or to be used in the future) by the Company for any activity.

(g) **Force majeure**

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

(h) **Government policy changes**

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

(i) **Litigation risks**

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

(j) **Insurance**

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

Insurance of all risks associated with mineral exploration and production is not always available and where available the costs can be prohibitive.

(k) **Regulatory risks**

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

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

7.5 Speculative investment

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

Therefore, the Loyalty Options 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 Options.

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

8. ADDITIONAL INFORMATION

8.1 Litigation

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

8.2 Continuous disclosure obligations

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

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

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

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

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

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

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

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

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

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

Date	Description of Announcement
28/01/2021	Quarterly Activities Report & Appendix 5B
25/01/2021	Proposed issue of Securities - ARN
25/01/2021	Loyalty Entitlement Issue of Options
21/01/2021	JORC Table - Narndee Announcement
20/01/2021	Final Dataset for the Narndee VTEM Max Survey Released
18/01/2021	Aldoro to undertake strategic review of Gold Assets
13/01/2021	Technical management bolstered ahead of Drilling Program
21/12/2020	FLTEM Survey to commence at Narndee Ni-Cu-PGE Project
09/12/2020	Drilling Results - Unaly Hill South Project
07/12/2020	Trading Halt
04/12/2020	Presentation - Emerging Small Cap Summit December 2020
27/11/2020	Final Director's Interest Notice x 2
27/11/2020	Initial Director's Interest Notice x 2
27/11/2020	Chairman's Letter to Shareholders
27/11/2020	Board Changes
25/11/2020	Results of Meeting
25/11/2020	Trading Halt
25/11/2020	Board Change
24/11/2020	VTEM Max Identifies 16 Major Targets at Narndee
11/11/2020	Narndee VTEM Max Mobilisation
05/11/2020	Ceasing to be a substantial holder
04/11/2020	Change in substantial holding
03/11/2020	Becoming a substantial holder
30/10/2020	Quarterly Activities Report & Appendix 5B
29/10/2020	Major Ni-Cu-PGE Project - Narndee
26/10/2020	Letter to Shareholders - Notice of AGM and Proxy Form

Date	Description of Announcement
26/10/2020	Notice of Annual General Meeting/Proxy Form
13/10/2020	Completion of Unaly Hill South Aircore Drilling
08/10/2020	Notice of AGM Date
07/10/2020	Penny South AC Results
05/10/2020	Expansion of Kiabye Soil Sampling Program
25/09/2020	Unaly Hill South Aircore Drilling & Gold Exploration Update
24/09/2020	Appendix 4G
24/09/2020	Corporate Governance Statement

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.aldororesources.com.

8.3 Market price of shares

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

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

	Price	Date
Highest	\$0.265	29 October 2020
Lowest	\$0.094	28 October 2020
Last	\$0.24	28 January 2021

8.4 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:

- (d) as an inducement to become, or to qualify as, a Director; or

- (e) for services provided in connection with:
- (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

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

Director	Shares	Options	Entitlement	\$
Joshua Letcher	Nil	500,000 ¹	Nil	Nil
Lincoln Ho	Nil	Nil	Nil	Nil
Troy Flannery	Nil	Nil	Nil	Nil

Notes:

- Held indirectly by Renewable Holdings Pty Ltd <Letcher Family Trust> (exercisable at \$0.175 on or before 9 September 2023).

The Board recommends all Shareholders take up their Entitlement. Subject to Shareholder approval, Messrs Joshua Letcher, Lincoln Ho and Troy Flannery (being the Directors of the Company) intend to participate in the Shortfall Offer in accordance with Section 4.8.

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 \$300,000 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 2019	FY 2020	FY 2021 ⁷
Joshua Letcher	\$39,968 ¹	\$49,420 ²	\$60,955 ⁴
Lincoln Ho	Nil ³	Nil ³	\$27,466 ⁶
Troy Flannery	Nil ⁵	Nil ⁵	\$27,466 ⁶

Notes:

1. Comprising \$36,500 salary and fees and \$3,468 superannuation.
2. Comprising \$36,000 salary and fees, \$3,420 superannuation and \$10,000 bonus paid in relation to the acquisition of Altium Metals Limited.
3. Appointed on 25 November 2020.
4. Comprising \$55,667 salary and fees and \$5,288 superannuation.
5. Appointed on 27 November 2020.
6. Comprising \$25,083 salary and fees and \$2,383 superannuation.
7. Proposed remuneration for the financial year ending 30 June 2021 has been estimated based upon contractual or agreed hourly rates and fees accrued as at the date of this Prospectus.

8.5 Interests of experts and advisers

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

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

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

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

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

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

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 \$30,049 (excluding GST and disbursements) for legal services provided to the Company.

Xcel Capital Pty Ltd (or its nominees) will be paid a management fee of \$10,000 in respect of this offer together with 3,750,000 Options. During the 24 months

preceding lodgement of this Prospectus with the ASIC, Xcel Capital Pty Ltd has been paid fees totalling \$372,916. by the Company.

8.6 Consents

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

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

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.

Xcel Capital Pty Ltd has given its written consent to being named as lead manager to the Offer in this Prospectus, in the form and context in which it is named. Xcel Capital Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.7 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$51,388 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	13,182
Lead manager fees	10,000
Legal fees	15,000
Registry and distribution costs	10,000
Total	51,388

8.8 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 9322 6955 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.aldororesources.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.

8.9 Financial forecasts

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

8.10 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 Loyalty Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

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

8.11 Privacy Act

If you complete an application for Loyalty Options, 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 Loyalty Options, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

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

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



Joshua Letcher
Non-Executive Chairman
For and on behalf of
ALDORO RESOURCES LIMITED

10. GLOSSARY

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

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

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

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 CHESS.

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 means Aldoro Resources Limited (ACN 622 990 809).

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

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

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

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

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

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

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

Lead Manager or **Xcel Capital** means Xcel Capital Pty Ltd (ACN 617 047 319).

Loyalty Option means an option to acquire a Share on the terms and conditions set out in Section 6.1 of this Prospectus.

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

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

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

Section means a section of this Prospectus.

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

Shareholder means a holder of a Share.

Shortfall means the Loyalty Options not applied for under the Offer (if any).

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

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 4.5 of this Prospectus.

Shortfall Options means those Options issued pursuant to the Shortfall.

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