

MALLEE RESOURCES LIMITED
ACN 124 943 728

PROSPECTUS

For an offer of up to 100,000,000 Shares at an issue price of \$0.70 per Share to raise up to \$70,000,000 (Offer).

The Offer is conditional upon satisfaction of the Conditions, which are detailed further in Section 4.7. No Shares will be issued pursuant to this Prospectus until those Conditions are met.

This Prospectus also contains ancillary offers of Shares as outlined in Section 4.10.

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-admission to the Official List following a change in nature and scale of the Company's activities.

Joint Lead Managers:

Euroz Hartleys Limited
ACN 104 195 057
AFSL 230052

Jefferies (Australia) Pty Ltd
ACN 623 059 898
AFSL 504712

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 professional advisers without delay.

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

IMPORTANT NOTICE

This Prospectus is dated 2 August 2022 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities will 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 this 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 you read this Prospectus in its entirety and seek professional advice where necessary. The Securities offered under this Prospectus should be considered as highly speculative.

No offering where offering would be illegal

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should observe any of these restrictions, including those set out below. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer or invitation to apply for Securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. It is important that investors read this Prospectus in its entirety and seek professional advice where necessary.

No action or formality has been taken to register or qualify the Securities or the offer, or to otherwise permit a public offering of the Securities in any jurisdiction outside Australia.

This Prospectus has been prepared for publication in Australia and may not be

distributed outside Australia except to institutional and professional investors in New Zealand, Hong Kong, Singapore, the United Kingdom, the European Union (other than into Austria) and Switzerland in transactions exempt from local prospectus or registration requirements. The information set out below is indicative only and investors in such jurisdictions should seek their own advice prior to applying for Shares under the Offer.

Information for New Zealand residents

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

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

Information for Hong Kong residents

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). Accordingly, this document may not be distributed, and the Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as

defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Information for Singaporean residents

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) an "accredited investor" (as

defined in the SFA). If you are not an investor falling within one of these categories, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Information for United Kingdom residents

Neither this document nor any other document relating to the Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Shares.

The Shares offered under this Prospectus (**New Shares**) may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article

19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

Information for Swiss residents

The Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

No offering or marketing material relating to the Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (**FINMA**).

Neither this document nor any other offering or marketing material relating to the Shares may be publicly distributed or otherwise made publicly available in Switzerland. The Shares will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

Information for residents of Belgium, Denmark, Germany, Luxembourg, the Netherlands and Sweden

This document has not been, and will not be, registered with or approved by any securities regulator in Belgium, Denmark, Germany, Luxembourg, the Netherlands or Sweden. Accordingly, this document may not be made available, nor may the Shares be offered for sale, in

Belgium, Denmark, Germany, Luxembourg, the Netherlands or Sweden except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the **Prospectus Regulation**).

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of Shares in Belgium, Denmark, Germany, Luxembourg, the Netherlands and Sweden is limited to persons who are 'qualified investors' (as defined in Article 2(e) of the Prospectus Regulation).

Information for residents of France

The Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France other than to qualified investors as defined in Article 2(e) of the Prospectus Regulation.

This document and any other offering material relating to the Shares have not been, and will not be, submitted to the Autorité des marchés financiers (**AMF**) for approval in France and, accordingly, may not be distributed or caused to be distributed, directly or indirectly, to the public in France.

Any offer or transfer of the Shares or distribution of Offer documents has only been and will only be made in France in accordance with Articles L. 411-1 and L. 411-2 of the French Monetary and Financial Code.

US securities law matters

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the US. In particular, the Securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **US Securities Act**), and may not be offered or sold in the US or to, or for the account or benefit of, US Persons (as defined in Regulation S under the US Securities Act) except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act.

Each applicant will be taken to have represented, warranted and agreed as follows:

- (a) it understands that the Securities have not been, and will not be, registered under the US Securities Act and may not be offered,

sold or resold in the US, except in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws;

- (b) it is not in the US;
- (c) it has not and will not send this Prospectus or any other material relating to the Offer to any person in the US; and
- (d) it will not offer or resell the Securities in the US or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which the Securities are offered and sold.

Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.malleeresources.com.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to or accompanied by the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on + 61 8 6147 8100 during office hours or by emailing the Company at info@malleeresources.com.au.

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

Company Website

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

No cooling-off rights

Cooling-off rights do not apply to an investment in Securities issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your application once it has been accepted.

No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Securities under this Prospectus to determine whether an investment in the Company meets your objectives, financial situation and needs.

Risks

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Securities. There are risks associated with an investment in the Company. The Securities offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Securities. Refer to Section C of the Investment Overview as well as Section 7 for details relating to some of the key risk factors that should be considered by prospective investors. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Statements of past performance

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Forward-looking statements

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

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

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

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

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

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

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.

Disclaimer

Jefferies (Australia) Pty Ltd (**Jefferies**) and Euroz Hartleys Limited (**Euroz Hartleys**) have acted as Joint Lead Managers to the Offer and have not authorised, permitted or caused

the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by any Joint Lead Manager or by any of their respective affiliates or related bodies corporate (as defined in the Corporations Act) (**Related Bodies Corporate**), or any of their respective officers, directors, employees, partners, advisers or agents. To the maximum extent permitted by law, the Joint Lead Managers, their respective affiliates and Related Bodies Corporate, and any of their respective officers, directors, employees, partners, advisers or agents expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus. No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company, the Directors, the Joint Lead Managers or any other person in connection with the Offer. You should rely only on information in this Prospectus when deciding whether to invest in Shares.

Competent Person's statements

The information in the Investment Overview Section of this Prospectus, included at Section 3, the Company and Projects Overview, included at Section 4.16(a), and the Independent Technical Assessment Report, included at Annexure A of the Prospectus (together, the **Relevant Sections**) which relates to the Technical Assessment of Mineral Assets, Exploration Targets or Exploration Results is based on information compiled and conclusions derived by Tony Donaghy, a Registered Professional Geoscientist with Professional Geoscientists Ontario, a Registered Professional Organization. Mr Donaghy is employed by CSA Global. Mr Donaghy has sufficient experience that is relevant to the Technical Assessment of the Mineral Assets under consideration, the style of mineralisation and types of

deposit under consideration and to the activity being undertaken to qualify as a Practitioner as defined in the 2015 Edition of the "Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets" (**VALMIN Code**), and as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (**JORC Code**). Mr Donaghy consents to the inclusion of matters based on his information in these Sections of this Prospectus in the form and context in which it appears.

The information in the Relevant Sections which relates to the Technical Assessment of Mineral Resources was completed by CSA Global Principal Consultant, Ivy Chen, a Competent Person who is a Fellow of the AusIMM. Ms Chen has the relevant qualifications, experience, competence and independence to be considered a Specialist as defined in the VALMIN Code and as a Competent Person as defined in the JORC Code. Ms Chen consents to the inclusion of matters based on her information in these Sections of this Prospectus in the form and context in which it appears.

The information in the Relevant Sections which relates to the mining assessment of the Project was completed by CSA Global Senior Mining Engineer, Mitesh Jethva. Mr Jethva has the relevant qualifications, experience, competence and independence to be considered a Specialist as defined in the VALMIN Code and as a Competent Person as defined in the JORC Code. Mr Jethva consents to the inclusion of matters based on his information in these Sections of this Prospectus in the form and context in which it appears.

Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) and, as such, will be 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 Securities.

Price sensitive information will be publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

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

The Company will apply to participate 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.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Securities 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.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. 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.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases

contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 12.

All references to time in this Prospectus are references to Australian Western Standard Time.

Privacy statement

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

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

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact details 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 your application for Securities under this Prospectus, the Company may not be able to accept or process your application.

Enquiries

If you are unclear in relation to the matters raised in this Prospectus or are in doubt as to how to deal with it, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser without delay. Should you have any questions in relation to the Offer or how to accept the Offer please contact the Company Secretary on + 61 8 6147 8100.

CORPORATE DIRECTORY

Directors

Jeffrey Moore
Non-Executive Chair

John Lamb
Managing Director

Rowan Caren
Executive Director

Paul Arndt
Non-Executive Director

Stephen Hendel
Non-Executive Director

Company Secretary

Rowan Caren
Company Secretary

Meagan Hamblin
Alternate Company Secretary

ASX Code

MYL

Registered Office

Suite 1, Ground Floor
9 Havelock Street
WEST PERTH WA 6005

Telephone: + 61 8 6147 8100
Email: info@malleeresources.com.au
Website: www.malleeresources.com.au

Legal advisers

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

Investigating Accountant

Grant Thornton Corporate Finance Pty Ltd
Central Park
Level 43
152 - 158 St Georges Terrace
PERTH WA 6000

Auditor¹

Grant Thornton Audit Pty Ltd
Central Park
Level 43
152 - 158 St Georges Terrace
PERTH WA 6000

Independent Geologist

CSA Global Pty Ltd
Level 3, 1-5 Havelock Street
WEST PERTH WA 6005

Independent Tenement Expert

Groom Kennedy Pty Ltd
Level 1, 47 Sandy Bay Road
HOBART TAS 7000

Joint Lead Managers

Euroz Hartleys Limited
Level 18, Alluvion Building
58 Mounts Bay Road
PERTH WA 6000

Jefferies (Australia) Pty Ltd
Level 22, Westpac Building
60 Martin Place
SYDNEY NSW 2000

Share Registry¹

Automatic Registry Services
Level 5
191 St Georges Terrace
PERTH WA 6000

Telephone: 1300 288 664 (within Australia)
and +61 2 9698 5414 (outside Australia)

1. This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

TABLE OF CONTENTS

1.	LETTER FROM CHAIR.....	1
2.	KEY OFFER INFORMATION	2
3.	INVESTMENT OVERVIEW	3
4.	DETAILS OF THE OFFERS	18
5.	COMPANY AND PROJECT OVERVIEW	28
6.	FINANCIAL INFORMATION	52
7.	RISK FACTORS	67
8.	BOARD AND KEY MANAGEMENT, CORPORATE GOVERNANCE AND ESG	78
9.	MATERIAL CONTRACTS.....	89
10.	ADDITIONAL INFORMATION.....	106
11.	DIRECTORS' AUTHORISATION.....	119
12.	GLOSSARY	120
	ANNEXURE A – INDEPENDENT TECHNICAL ASSESSMENT REPORT.....	125
	ANNEXURE B – SOLICITOR'S REPORT ON TENEMENTS	209
	ANNEXURE C – INDEPENDENT LIMITED ASSURANCE REPORT.....	240

1. LETTER FROM CHAIR

Dear Investor

On behalf of the directors of Mallee Resources Limited (**Company**), it gives me great pleasure to invite you to become a shareholder of the Company.

The Company recently completed the acquisition of Allegiance Mining Pty Ltd (**Allegiance**), which holds the Avebury Nickel Project in western Tasmania (**Project**). Completing the acquisition of the Project marked the successful conclusion of the Company's search for a new project following the sale of its former Bawdwin Project.

This Prospectus has been prepared in connection with the acquisition of the Project and seeks to raise a minimum of \$20,000,000 and a maximum of \$70,000,000 via the issue of Shares at an issue price of \$0.70 per Share (**Offer**). The purpose of the Offer is to provide the necessary funds to bring the Project back into to production in the near-term.

I am truly excited by the significant potential the Project brings to the Company and its investors. It is a transformative opportunity, standing amongst the best nickel sulphide projects in Australia, and boasts a well-maintained underground mine, processing plant and site infrastructure. Nickel is a critical mineral with a strong role to play in decarbonising our world, so I say with conviction that there has rarely been a better time to acquire a nickel sulphide project with a clear path to near-term production.

The Company is now focused on a rapid re-start of the processing plant during the current quarter as well as assessing the business case for attaining a net zero carbon status. This is something the Company and our local stakeholders are highly excited about.

With significant expertise and experience of in the mineral resources industry, the Board will ensure funds raised through the Offer will be utilised in a cost-effective manner to advance the Company's business. In particular, the Company's Managing Director, John Lamb, is the former General Manager of the Project and has an intimate knowledge of the Project, the local mineral exploration industry and the relevant regulatory bodies the Company will be working with.

This Prospectus is issued for the purpose of supporting an application to have the Company's Shares reinstated to trading on the Official List. This Prospectus contains detailed information about the Company, its business and the Offer, as well as the risks of investing in the Company, and I encourage you to read it carefully. The Shares offered by this Prospectus should be considered highly speculative.

I look forward to you joining us as a Shareholder and sharing in what we believe are exciting and prospective times ahead for the Company. Before you make your investment decision, I urge you to read this Prospectus in its entirety and seek professional advice if required.

Yours sincerely



Jeffrey Moore
NON-EXECUTIVE CHAIR

2. KEY OFFER INFORMATION

INDICATIVE TIMETABLE¹

Lodgement of Prospectus with the ASIC	2 August 2022
Opening Date of the Offers	2 August 2022
Closing Date of the Offers	5pm (WST) on 19 August 2022
Issue of Shares under the Offers ²	26 August 2022
Despatch of holding statements	26 August 2022
Expected date for re-quotation on ASX	31 August 2022

- The above dates are indicative only and may change without notice. Unless otherwise indicated, all times given are in WST. The Company reserves the right to extend the Closing Date or close the Offers early without prior notice. The Company also reserves the right not to proceed with the Offers at any time before the issue of Shares to applicants.*
- If the Offer is cancelled or withdrawn before completion of the Offer, then all application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their applications as soon as possible after the Offer opens.*

KEY STATISTICS OF THE OFFERS

	Minimum Subscription	Maximum Subscription
Offer Price per Share	\$0.70	\$0.70
Shares currently on issue	301,926,054	301,926,054
Shares to be issued under the Offer	28,571,429	100,000,000
Gross Proceeds of the Offer	\$20,000,000	\$70,000,000
Shares to be issued under the Ancillary Acquisition Agreement ¹	13,095,238	13,095,238
Shares on issue at Re-admission (undiluted)²	343,592,721	415,021,292
Market Capitalisation at Re-admission (undiluted)³	\$240,514,905	\$290,514,904
Options currently on issue	1,300,000	1,300,000
Performance Rights currently on issue ⁴	4,653,175	4,653,175
Shares on issue at Re-admission (fully diluted)³	349,545,896	420,974,467
Market Capitalisation at Re-admission (fully diluted)⁴	\$244,682,127	\$294,682,127

Notes:

- The Company has agreed to issue 13,095,238 Shares (in aggregate) to D & B Mining and Zeb's Minerals (as summarised in Section 9.2.2). These Shares will be issued prior to the Company being reinstated to trading on ASX.
- Under the terms of the DOCA and Implementation Agreement, the Company may be required to issue additional Shares to Hartree and the Liquidators (or their respective nominees). Refer to Sections 5.7.1, 5.7.2 and 9.2.1 for further details.
- Certain Securities on issue post-listing may be subject to ASX-imposed escrow. Refer to Section 5.10 for a disclaimer with respect to the likely escrow position.
- The 4,653,175 Performance Rights that are currently on issue are convertible into Shares at the election of the holders in the event the Company has a market capitalisation greater than \$60,000,000 following its re-admission to the Official List of ASX, which is expected to be the case on the currently contemplated structure.

3. INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

Item	Summary	Further information
A. Company		
Who is the issuer of this Prospectus?	Mallee Resources Limited (ACN 124 943 728) (Company or MYL).	Section 5.1
What is the Company's background?	<p>The Company was incorporated on 23 May 2007 and is currently listed on the ASX, having commenced quotation on 3 December 2007.</p> <p>Prior to changing its name to Mallee Resources Limited, the Company was focused on the development of mining and processing operations at the Bawdwin Project in Myanmar. As a result of deteriorating political conditions in Myanmar, the Company divested of its interest in the Bawdwin Project for cash consideration of US\$30,000,000.</p> <p>On 6 July 2022, the Company completed the acquisition of Allegiance Mining Pty Ltd (ACN 059 676 783) (Allegiance) from Dundas Mining Pty Ltd (in liquidation) (ACN 608 839 050) (Dundas) pursuant to a deed of company arrangement entered into in respect of Allegiance (DOCA). The Company was a joint proponent with Hartree Metals LLC (Hartree) under the DOCA. The Company and Hartree also entered into an implementation agreement (Implementation Agreement) with Hartree to set out the commercial arrangements between the Company and Hartree as joint proponents.</p> <p>Allegiance is the holder of various exploration and mining tenements located in western Tasmania, which together make up the Avebury Nickel Project (Project).</p> <p>The Company also has a conditional right to acquire an additional exploration licence in the Melba Flats region (contiguous to exploration licences held by Allegiance), which is anticipated to complete contemporaneous with the issue of Shares under this Prospectus.</p>	Sections 5.1, 5.2 and 5.4
B. Project Overview		
Where is the Project located?	<p>The Project is situated 8 km west of the town of Zeehan on Tasmania's west coast.</p> <p>Access to the Avebury mine site is via a purpose-built bitumen road. A railhead on the Emu Bay Railway located in close proximity to the Avebury site provides a future logistics option for the transportation of concentrate to the export facility at the Port of Burnie. The mine is connected to Tasmania's 100% renewable grid power and utilises accommodation facilities in the town of Zeehan.</p>	Section 5.4.1

Item	Summary	Further information																				
What is the history of the Project?	<p>The Avebury deposit was discovered in 1997. Five years later, under the ownership of Allegiance (formerly a listed non liability company), a maiden Mineral Resource was declared.</p> <p>In 2004, the central area of the Avebury deposit was accessed through the use of initial decline mining and, in 2006, ore development and trial mining were conducted which produced 6,000 tonnes of ore for test work.</p> <p>Change of control events occurred in 2008 with Zinifex Limited acquiring Allegiance and later merging with Oxiana Limited to form OZ Minerals Limited, who commissioned the Avebury plant in 2008 and placed the plant on care and maintenance 9 months later during the global financial crisis, when nickel prices were poor.</p> <p>In 2009, Allegiance and other assets were sold to China Minmetals Non-ferrous Metals Co. Ltd to form MMG Limited (MMG). MMG subsequently sold Allegiance to Dundas in 2017 while the Project remained on care and maintenance. The Project remained on care and maintenance for the entirety of the period during which it was held by Dundas.</p>	Section 5.4.2																				
What is the geological setting of the Project?	<p>The Avebury nickel deposit is hosted in an ultramafic body located within a sedimentary sequence comprising volcanoclastic turbidites.</p> <p>Mineralisation at the Project is focused along the ultramafic-sedimentary host sequence contact but lenses of mineralized rock are also present within the ultramafic body. The mineralisation at the Project consists of veins and coarse-grained disseminations of sulphides that can be hosted by both serpentinised ultramafic rocks and skarn-altered rocks.</p>	Section 5.4.3																				
What is the exploration history at the Project?	<p>A Mineral Resource has been estimated at the Project, based on data from 456 diamond drill holes, drilled from surface and underground.</p> <table><tr><th>JORC classification</th><th>Tonnes (Mt)</th><th>Ni (%)</th><th>Co (ppm)</th><th>As (ppm)</th></tr><tr><td>Indicated</td><td>8.7</td><td>1.0</td><td>244</td><td>378</td></tr><tr><td>Inferred</td><td>20.7</td><td>0.8</td><td>223</td><td>297</td></tr><tr><td>TOTAL</td><td>29.3</td><td>0.9</td><td>229</td><td>321</td></tr></table>	JORC classification	Tonnes (Mt)	Ni (%)	Co (ppm)	As (ppm)	Indicated	8.7	1.0	244	378	Inferred	20.7	0.8	223	297	TOTAL	29.3	0.9	229	321	Section 5.4.3
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Indicated	8.7	1.0	244	378																		
Inferred	20.7	0.8	223	297																		
TOTAL	29.3	0.9	229	321																		
What infrastructure exists at the Project?	<p>The Avebury site infrastructure is in good condition and includes an existing underground mine, an established processing plant and operating site services (power, water and utilities).</p> <p>The Avebury processing plant and site infrastructure was established around 2007. The plant operated for 9 months during 2008 and 2009 and has been on care and maintenance since this time. No mineral processing has occurred since 2009 and the plant and site infrastructure remains in good condition.</p> <p>The processing plant has a nameplate processing capacity of 900ktpa and was designed to recover</p>	Section 5.4.4																				

Item	Summary	Further information
	<p>79% of the nickel in ore to a nickel concentrate, with a nickel grade around 20%.</p> <p>The Avebury site also includes stores, workshops, an administration building, land holdings and accommodation facilities. The tailings storage facility is adjacent to the plant site, is fully permitted and retains storage capacity.</p>	
What are the Company's development plans for the Project?	<p>With the foundations for mining and processing operations in place, the Company is seeking a near term re-start to operations at the Project. The Company has developed a full operating and capital budget for the 18 months commencing 1 July 2022, developed using historical usage rates for mine inputs at current-day pricing.</p> <p>The Company's short-term strategy for the mine re-start is to maximise production rates within the current 900ktpa nameplate capacity constraints of the processing facility, supported by mining production rates consistent with that achieved during the Project's relatively short prior operating life.</p> <p>The Company has commenced mining operations at the Project, with mined product currently being stockpiled on the run of mine (ROM) pad. The Company intends to continue stockpiling mined product on the ROM pad in the coming months, until such time as sufficient product has been stockpiled for the recommissioning of the processing plant.</p> <p>The Company considers that potential scope exists to evaluate debottlenecking, optimisation and decarbonisation initiatives to target further expansions, with the processing facility designed and constructed to be relatively easily expanded with minimal disruption to production. A debottlenecking study will be commissioned in the plant once steady-state production has been achieved, with the aim of identifying operating improvements and capital equipment required to achieve and, subsequently, exceed nameplate capacity.</p>	Section 5.4.5
What are the Company's exploration plans at the Project?	<p>The Company considers that exploration potential exists throughout its tenure.</p> <p>Subject to available funding, the Company plans to undertake programs of near-mine exploration drilling to upgrade lower confidence mineral resources and define new mineral resources. The Company also plans to investigate new mineralised zones outside the exiting mine envelope with geoscience surveys and exploration drilling, in particular at its Melba tenements, to follow up high-grade nickel reported in historical workings and supported by more recent geological surveys.</p>	Section 5.4.6
What are the key business objectives of the Company?	<p>The Company's main objectives following completion of the Offer and reinstatement to the Official List of ASX will be to:</p> <p>(a) implement its development plans at the Avebury mine with a view to a near-term restart of mining a recommissioning of the existing processing plant;</p>	Sections 4.2, 5.4 and 5.6

Item	Summary	Further information
	<ul style="list-style-type: none"> (b) undertake exploration within the area of the existing mine with a view to expanding on the existing Mineral Resources estimated at the Project, as well as undertaking exploration at other areas within its tenure that it considers to be prospective for further mineralisation; (c) assess new strategic acquisitions and investment opportunities that are presented to the Board from time to time; (d) implement a growth strategy and actively canvas other mineral exploration and resource opportunities that have the potential to generate growth and value for Shareholders; and (e) provide working capital to enable the Company to implement the objectives set out above. 	
What are the key dependencies of the Company's business model?	<p>The key dependencies influencing the viability of the Company's business model are:</p> <ul style="list-style-type: none"> (a) the Company retaining title and access to the Project; (b) the Company obtaining such regulatory approvals as are required to complete the re-development of the Project and re-start of the mine at the Project; (c) the mineralisation at the Project being substantially consistent with those predicted in connection with the Mineral Resource estimate and the Company having an ability to adjust mining plans for any inconsistency between actual and estimated mineralisation; (d) nickel price volatility and US\$:A\$ exchange rate risk; (e) compliance by the Company with the Offtake Agreement, Hedging Agreement, Subscription Agreements and associated Security Documents; (f) the Company raising sufficient funds to satisfy expenditure requirements and development costs in respect of the Project, including with respect to repayment of amounts owing under the Subscription Agreements; (g) the Company receiving US\$10.2 million of cash proceeds from the sale of BMR to MAI in accordance with the terms of the BMR Sale Agreement (summarised in Section 9.4.1); and (h) minimising environmental impact and complying with health and safety requirements. 	Section 5.5
What are the key advantages of an investment in the Company?	<p>The Directors are of the view that the key highlights of an investment in the Company include:</p> <ul style="list-style-type: none"> (a) the ownership of Allegiance and the Project which: <ul style="list-style-type: none"> (i) is ideally situated in Tasmania, in a known mining district with excellent infrastructure and logistics options for the transportation 	Section 5.3

Item	Summary	Further information
	<p>of concentrate to the export facility at the Port of Burnie;</p> <p>(ii) hosts a substantial nickel sulphide Mineral Resources of 29.3 Mt at 0.9% Ni for 264 Kt contained Ni (refer to Table 1 of the Independent Technical Assessment Report set out in Annexure A for further details); and</p> <p>(iii) has experienced significant historic development, including an existing underground mine, processing plant, site infrastructure and tailings storage facility;</p> <p>(b) the Company has an experienced Board and management team that will assist the growth of the Company and development of the Project, including the Company's Managing Director, John Lamb, having an intimate understanding of the Project through his former role as general manager of the Project;</p> <p>(c) the Company has funding, through the Subscription Agreements and Offtake Agreement (summarised in Sections 9.1.2 and 9.3.1), in support of the development of the Project and re-start of the mine, with an offtake partner in place for sale of concentrate produced by the Company; and</p> <p>(d) the potential increase in market capitalisation of the Company following completion of the Acquisition and Offer may, assuming the Company successfully re-complies with Chapters 1 and 2 of the ASX Listing Rules, lead to access to improved equity capital market opportunities and increased liquidity.</p>	
What are the key disadvantages of an investment in the Company?	<p>The Directors are of the view that the following non-exhaustive list of disadvantages of an investment in the Company include:</p> <p>(a) the Acquisition, Offer and associated transactions have and will result in the issue of a significant number of Shares, which will have a dilutionary effect on the holdings of Shareholders;</p> <p>(b) there are inherent risks associated with the change in nature of the Company's activities, some of which are summarised in Section 7; and</p> <p>(c) the Company's future capital requirements may require that additional funds are raised through equity, debt or a combination thereof, which could further dilute Shareholders that do not participate in such capital raisings.</p>	Section 5.3.2
C. Key Risks		
Acquisition	The Acquisition was effected by way of the DOCA. As with all deeds of company arrangement, there is a risk that a creditor may dispute that its claim is effectively extinguished by the DOCA, including counterparties under historic agreements that were terminated in connection with the DOCA.	Section 7.2

Item	Summary	Further information
	As referred to in the Solicitor's Report on Title set out in Annexure B, a farm-in and joint venture agreement has been registered with Mineral Resources Tasmania in respect of certain of the tenements making up the Avebury Nickel Project, which refers to a 2% net smelter return being payable. Based on the limited information available to the Company, the Company does not have sufficient information to confirm that the royalty referenced therein continues to exist. There is a risk that a claim may be made against the Company with respect to the existence of this royalty, which may adversely impact the Company, including in respect of any costs incurred in determining the existence of a royalty or paying any royalty determined to exist.	
Re-Compliance	<p>The Company's Shares have been suspended from trading since 1 February 2021. ASX has confirmed that the Company will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules before its Shares are reinstated to trading.</p> <p>As the Company's Shares are suspended, there is currently no public market for Shares. There is no guarantee that an active trading market in the Company's Shares will develop or that prices at which Shares trade will increase following completion of the Offer and re-compliance with Chapters 1 and 2 of the ASX Listing Rules.</p>	Section 7.2
Divestment of Bawdwin Project Interest and BMR	<p>BMR retains US\$12,061,544 in Myanmar as a result of the divestment of its interests in the Bawdwin Project.</p> <p>In order to facilitate a timely repatriation of the Company's former investment in Myanmar, the Company entered into the BMR Sale Agreement, under which the Company's wholly owned subsidiary, BMPL, will receive an aggregate sum of US\$10,200,000 in consideration for 100% of the issued capital in BMR. While the BMR Sale Agreement provides various protections to BMPL, including by way of a share pledge as security for the counterparty's obligations thereunder, there remains a risk that BMPL does not receive the purchase consideration within the period required under the BMR Sale Agreement, or at all.</p> <p>The Minimum Subscription scenario assumes these funds are received in tranches prior to the deadlines set out in the BMR Sale Agreement. In the event settlement of this transaction with MAI is materially delayed, or full cash proceeds are not ultimately received by the Company, the Company's budget requires additional funding to be raised in order to achieve the planned restart for Avebury mine and recommencement of product sales. Further details in respect of the BMR Sale Agreement are set out in Section 9.4.1.</p>	Section 7.2
Mine Re-start	Following completion of the Acquisition, the Company has taken ownership of the Project after	Section 7.2

Item	Summary	Further information
	<p>the Project has been in care and maintenance for several years.</p> <p>All the risks associated with developing and operating a mine operation are applicable during a production-ramp up and re-start phase. Additionally, the production ramp-up and re-start process may uncover failures or deficiencies in processes, systems, plant and equipment required for the Project, and addressing such failures or deficiencies may result in the Company incurring unexpected costs and production-ramp up delays. Any prolonged outage or shutdown due to technical problems or otherwise could substantially increase production costs or adversely impact the Company's financial performance.</p>	
Mineral Resource Estimates	<p>Mineral Resource estimates have been reported in accordance with the JORC Code, 2012 Edition, and are expressions of judgements based on knowledge, experience and industry practice. Estimates that are valid when made may change significantly when new information becomes available through drilling, sampling and other similar examinations. In addition, JORC compliant Mineral Resource estimates are necessarily imprecise and depend to some extent on geological interpretations, as well as various economic, commercial, technical, environmental and legal assumptions which may prove to be inaccurate or invalid due to the passage of time. Should the Company encounter mineralisation or formations different from those predicted, Mineral Resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.</p>	Section 7.2
Metallurgy	<p>Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as identifying a metallurgical process through test work to produce a saleable product, developing an economic process route to produce a saleable product, and changes in mineralogy in the ore deposit can result in inconsistent ore grades and recovery rates affecting the economic viability of the project.</p> <p>Mineralisation at the Project contains arsenic and other deleterious elements. Under the Offtake Agreement, the sale price of product produced at the Project may be discounted if high levels of arsenic or other deleterious elements are contained in product delivered to Hartree and can be rejected entirely if certain thresholds are met. As such, there is a risk that the sale price of product will be less than has been assumed in the Company's internal financial models, which would have an adverse impact on the Company.</p>	Section 7.2
Contractual Risk	<p>Subsidiaries of the Company are party to the Offtake Agreement, Hedging Agreement, Subscription Agreements and associated Security Documents. In the event of breach of any of those agreements, there is a risk that the Company could suffer financial</p>	Section 7.2

Item	Summary	Further information
	<p>loss as a result of a claim for damages or termination of the relevant contract.</p> <p>Hartree has a right under the Hedging Agreement to hedge up to 30% of the Product to be delivered to it under the Offtake Agreement and costs incurred in respect of such hedging activities will be to the account of Mallee Tas and be treated as secured money under the Subscription Agreements. The Company may therefore suffer additional costs and expenses in the event of adverse nickel price movements against the hedge positions entered into in accordance with the Hedging Agreement.</p> <p>The obligations of the Company's subsidiaries under the Offtake Agreement, Hedging Agreement and Subscription Agreements are secured against the Company's interest in the Project. In the event those contracts are breached, Hartree may exercise its rights under these security arrangements and there is a risk that the Company loses its interest in the Project entirely.</p>	
Litigation	<p>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, including in respect of the 2% net smelter return royalty referenced in the Solicitor's Report on Tenements set out in Annexure B and discussed further above. Any such claim or dispute, if proven, may impact adversely on the Company's operations, reputation, financial performance and financial position. The Company is not currently engaged in any litigation.</p>	Section 7.4
Other risks	<p>The Company is also subject to other risks customary for a mineral exploration and development company, including:</p> <ul style="list-style-type: none"> (a) commodity (in particular, nickel) price and US\$:A\$ exchange rate risk; (b) reliance on the Company's key management personnel; (c) the additional requirements for capital associated with a mineral exploration and development company; and (d) risks associated with retaining mining tenure, occupational health & safety, native title & Aboriginal heritage, environmental & climate matters and regulatory risks. <p>For additional specific risks please refer to Section 7.2. For other risks with respect to the industry in which the Company operates and general investment risks, many of which are largely beyond the control of the Company and its Directors, please refer to Sections 7.3 and 7.4.</p>	Sections 7.2, 7.3 and 7.4

Item	Summary	Further information																		
D. Board and Key Management																				
Who are the Directors of the Company?	<p>The Board currently consists of:</p> <ul style="list-style-type: none"> (a) Jeffrey Moore – Non-Executive Chair; (b) John Lamb – Managing Director; (c) Rowan Caren – Executive Director and Company Secretary; (d) Paul Arndt – Non-Executive Director; and (e) Stephen Hendel – Non-Executive Director. <p>Information about the experience, background and independence of each Director is set out in Section 8.1.</p>	Section 8.1																		
E. Significant Interests of Key People and Related Party Transactions																				
What interests do the Directors have in Securities?	<p>The table below sets out the direct and indirect interests of the Directors in Securities both as at the date of this Prospectus and following completion of the Offer.</p> <table border="1"> <thead> <tr> <th>Director</th><th>Shares</th><th>Performance Rights</th></tr> </thead> <tbody> <tr> <td>Jeffrey Moore</td><td>1,260,000</td><td>783,012</td></tr> <tr> <td>John Lamb</td><td>1,882,000</td><td>1,358,688</td></tr> <tr> <td>Rowan Caren</td><td>1,225,000</td><td>735,914</td></tr> <tr> <td>Paul Arndt</td><td>-</td><td>-</td></tr> <tr> <td>Stephen Hendel</td><td>91,973,769</td><td>-</td></tr> </tbody> </table> <p>Stephen Hendel holds a relevant interest in all Shares held by Hartree SARL. Please refer to Section 8.4 for further notes relating to the above table.</p> <p>In addition, Shareholders resolved to approve the participation of Messrs Lamb, Moore and Caren in the Offer for a sum of \$30,000 each and Hartree may be issued additional Shares under the Offer and in accordance with the Implementation Agreement.</p>	Director	Shares	Performance Rights	Jeffrey Moore	1,260,000	783,012	John Lamb	1,882,000	1,358,688	Rowan Caren	1,225,000	735,914	Paul Arndt	-	-	Stephen Hendel	91,973,769	-	Sections 5.7.1, 5.9.1 and 8.4
Director	Shares	Performance Rights																		
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John Lamb	1,882,000	1,358,688																		
Rowan Caren	1,225,000	735,914																		
Paul Arndt	-	-																		
Stephen Hendel	91,973,769	-																		
What significant benefits are payable to the Directors in connection with the Company or the Offer?	<p>The Directors are entitled to the remuneration as disclosed in Section 8.4.</p> <p>The Performance Rights currently held by certain of the Directors are anticipated to vest and become convertible into Shares at the holders' election following the Company's reinstatement to the Official List of ASX.</p>	Section 8.4																		
Who are the Company's substantial Shareholders and what interest will they have after completion of the Offers?	<p>Those Shareholders holding 5% or more of the Shares on issue as at the date of this Prospectus are set out in the table below.</p> <table border="1"> <thead> <tr> <th>Shareholder</th><th>Shares</th><th>Percentage (%)</th></tr> </thead> <tbody> <tr> <td>Hartree SARL</td><td>91,973,769</td><td>30.46%</td></tr> <tr> <td>Perilya Limited</td><td>31,971,721</td><td>10.59%</td></tr> <tr> <td>Yandal Investments Pty Limited</td><td>20,308,225</td><td>6.73%</td></tr> </tbody> </table>	Shareholder	Shares	Percentage (%)	Hartree SARL	91,973,769	30.46%	Perilya Limited	31,971,721	10.59%	Yandal Investments Pty Limited	20,308,225	6.73%	Sections 5.7.1, 5.7.2, 5.8 and 5.9						
Shareholder	Shares	Percentage (%)																		
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Item	Summary	Further information			
	<table border="1"> <tr> <td>Liquidators</td><td>19,841,270</td><td>6.57%</td></tr> </table> <p>In accordance with the DOCA and Implementation Agreement, Hartree and the Liquidators (or their respective nominees) may be entitled to be issued additional Shares following the date of this Prospectus. Further information in respect of these potential Share issues are set out in Section 5.9.</p> <p>Further information in respect of the anticipated interest of the current substantial Shareholders following completion of the Offers is set out in Section 5.9.</p>	Liquidators	19,841,270	6.57%	
Liquidators	19,841,270	6.57%			
Who is the lead manager to the Offer?	The Company has appointed Euroz Hartleys Limited and Jefferies (Australia) Pty Ltd as joint lead managers to the Offer (Joint Lead Managers). The Joint Lead Managers will receive a fee of 6% of the total amount raised under the Offer.	Sections 4.6 and 9.1.1			
Are there any related party transactions?	The Company has entered into executive services agreements with John Lamb (Managing Director) and Rowan Caren (Executive Director), as well as letters of appointment with each of the Non-Executive Directors of the Company.	Section 9.5			
What material contracts has the Company entered into?	<p>The Company is party to various contracts that are material to the Company's ongoing operations, including:</p> <ul style="list-style-type: none"> (a) an offer management agreement with the Joint Lead Managers; (b) subscription agreements under which Hartree has made US\$30,000,000 available to the Company through the issue of loan notes; (c) an offtake agreement with Hartree in respect of nickel concentrates produced at the Project; (d) a hedging agreement with Hartree under which Hartree has a right to hedge up to 30% of concentrates produced at the Project; (e) various security documents with Hartree under which Hartree holds security over the Project in connection with the subscription agreements, offtake agreement and hedging agreement; (f) the DOCA and Implementation Agreement, under which the Liquidators and Hartree have various ongoing rights to be issued Shares and Hartree has a right to appoint a nominee to the Board; (g) an additional acquisition agreement under which the Company has a conditional right to acquire an exploration tenement in the Melba region; and (h) a sale agreement under which the Company is entitled to a cash sum of US\$10,200,000 in consideration for the sale of its subsidiary in Myanmar. 	Section 9			

Item	Summary	Further information
F. Financial Information and Dividend Policy		
How has the Company been performing?	<p>The audited historical financial information of the Company (including its subsidiaries, other than Allegiance and its subsidiaries acquired under the DOCA) for the financial years ended 30 June 2020 and 2021 and the half-year ended 31 December 2021 is set out in Section 6.</p> <p>Given the lack of record-keeping in respect of Allegiance and its subsidiaries prior to Allegiance being acquired by the Company, the Company has been unable to prepare audited financial information in respect of Allegiance.</p> <p>Grant Thornton has prepared an Independent Limited Assurance Report in respect of the Company's historical financial information and pro forma balance sheet as at 31 December 2021, which is set out in Annexure C of this Prospectus.</p>	Section 6 and Annexure C
What is the financial outlook for the Company?	<p>Given the current status of the Project, the Directors do not consider it appropriate to forecast future earnings.</p> <p>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 on a reasonable basis.</p>	Section 6 and Annexure C
What is the Company's dividend policy?	<p>Payment of dividends by the Company is at the discretion of the Board. Given the stage of development of the Company, the Board anticipates that significant expenditure will be incurred in the development of the Project. These activities, together with the possible acquisition of interests in other projects, are expected to dominate at least the first six-month period following reinstatement to trading. Accordingly, the Directors have no current intention to declare and pay a dividend and no dividends are expected to be paid during the foreseeable future following the Company's reinstatement to trading.</p> <p>In determining whether to declare future dividends, the Directors will consider the level of earnings of the Company, the operating results and overall financial condition of the Company, future capital requirements, capital management initiatives, general business outlook and other factors the Directors may consider relevant at the time of their decision.</p> <p>The Directors cannot and do not provide any assurances in relation to the future payment of dividends or the level of franking credits attaching to dividends.</p>	Section 5.11
G. Overview of the Offer		
What is the Offer?	The Offer is an offer of up to 100,000,000 Shares at an issue price of \$0.70 per Share to raise up to \$70,000,000 (before costs).	Section 4.1
Is there a minimum	The minimum subscription to the Offer is \$20,000,000 (28,571,429 Shares).	Section 4.3

Item	Summary	Further information
subscription under the Offer?		
Why is the Offer being conducted?	<p>The Offer is being conducted primarily to:</p> <ul style="list-style-type: none"> (a) assist the Company to meet the admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules to facilitate the Company's application for re-admission to the Official List; (b) provide the Company with funding for: <ul style="list-style-type: none"> (i) repayment of amounts owing to Hartree under the Initial Repayment Tranche under the Subscription Agreements; (ii) the proposed development program at the Project (as further detailed in Section 5.4.5) and further exploration at the Company's tenure (as further detailed in Section 5.4.6); (iii) evaluating acquisition opportunities that may be presented to the Board from time to time; and (iv) the Company's working capital requirements while it is implementing its business strategies; (c) provide the Company with access to capital markets to improve capital management flexibility; and (d) pay transaction costs associated with the Offers. 	Section 4.2
What is the proposed use of funds raised under the Offer?	<p>The Company intends to apply funds raised under the Offer, together with existing cash reserves, as set out in Section 5.6 to advance the Company's main objectives following re-admission to the Official List.</p> <p>The Board is satisfied that following completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives as detailed in this Prospectus.</p>	Section 5.6
What is the Offer Price?	The price payable under the Offer is \$0.70 per Share.	Section 4.1
What rights and liabilities attach to the Shares being offered?	A summary of the material rights and liabilities attaching to the Shares offered under the Offer are set out in Section 10.2.	Section 10.2
Is the Offer underwritten?	No, the Offer is not underwritten nor are the Joint Lead Managers providing any settlement underwriting for the Offer.	Sections 4.5 and 4.6
Are there any conditions to the Offers?	<p>The Offers are conditional upon the following conditions being satisfied:</p> <ul style="list-style-type: none"> (a) the Minimum Subscription being reached; and (b) ASX granting conditional approval for the Company to be reinstated to Official Quotation, <p>(together the Conditions). The Offers will only proceed if all Conditions are satisfied. Further details are set out in Section 4.7.</p>	Section 4.7

Item	Summary	Further information
Who is eligible to participate in the Offer?	This Prospectus does not, and is not intended to, constitute an offer or invitation in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or invitation or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.	Section 4.13
How can I apply for Shares?	The process for applying for Shares is set out in Section 4.8. Applications for Shares under the Offer must be made by using the relevant Application Form in accordance with the instructions set out in Section 4.8 and the Application Form.	Section 4.8
What is the allocation policy?	The allocation of Shares under the Offer will be determined by the Company in consultation with Joint Lead Managers, having regard to the allocation policy set out in Section 4.9. No assurance can be given that any applicant will be allocated all or any Shares applied for.	Section 4.9
Will any Shares be subject to escrow?	Subject to the Company being admitted to the Official List and completing the Offers, certain Shares (including the Shares to be issued to Hartree and the Liquidators, and the Shares issued under the Additional Acquisition) may be classified by ASX as restricted securities and may be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Shares are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of Shares in a timely manner. None of the Shares issued under the Offer will be subject to escrow. The Company will make submissions to ASX with respect to the application of ASX imposed escrow following lodgement of the Prospectus and expects to announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Company's listed securities being reinstated to trading on ASX (which reinstatement is subject to ASX's discretion and approval). The Company confirms its 'free float' (the percentage of the Shares that are not restricted and are held by shareholders who are not related parties (or their associates) of the Company at the time of Admission) will be not less than 20% in compliance with ASX Listing Rule 1.1 Condition 7.	Section 5.10
Will the Shares be quoted on ASX?	Application for quotation of all Shares offered pursuant to this Prospectus will be made to ASX no later than seven days after the date of this Prospectus.	Section 4.11

Item	Summary	Further information
What are the key dates of the Offer?	The key dates of the Offer are set out in the indicative timetable in Section 2.	Section 2
What is the minimum application size under the Offer?	Applications for Shares under the Offer must be for a minimum of \$2,000.60 worth of Shares and thereafter, in multiples of \$500.50 and payment for the Shares must be made in full at the Offer Price of \$0.70 per Share.	Section 4.8
What will the Company's capital structure be on completion of the Acquisition and the Offer?	Refer to Section 5.7 for a pro forma capital structure following completion of the Offers.	Section 5.7
H. Additional information		
Is there any brokerage, commission or duty payable by applicants?	<p>No brokerage, commission or duty is payable by applicants on the acquisition of Shares under the Offer.</p> <p>The Company reserves the right to pay commissions of up to 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensees in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee.</p>	Sections 4.14 and 4.15
Can the Offers be withdrawn?	<p>Yes. The Company reserves the right not to proceed with the Offers at any time before the issue of Shares to successful applicants.</p> <p>If the Offer does not proceed, application monies will be refunded (without interest).</p>	Section 4.16
What are the tax implications of investing in Shares?	The acquisition and disposal of Shares will have consequences, which will differ depending on the individual financial affairs of each investor. Holders of Shares may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Shares subscribed for under this Prospectus. It is not possible to provide a comprehensive summary of the possible taxation positions of all potential applicants. As such, 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.	Section 4.15
What are the corporate governance principles and policies of the Company?	<p>To the extent applicable, in light of the Company's size and nature, the Company has adopted <i>The Corporate Governance Principles and Recommendations (4th Edition)</i> as published by ASX Corporate Governance Council (Recommendations).</p> <p>The Company's main corporate governance policies and practices and the Company's departures from the Recommendations as at the date of this Prospectus are outlined in Section 8.6.</p>	Section 8.6

Item	Summary	Further information
	In addition, the Company's full Corporate Governance Plan is available from the Company's website (www.malleeresources.com.au).	
Where can I find more information about this Prospectus or the Offer?	<ul style="list-style-type: none"> (a) By speaking to your accountant, financial adviser, stockbroker, lawyer or other professional adviser; (b) By contacting the Company Secretary, on +61 8 6147 8100; or (c) By contacting the Share Registry on 1300 288 664. 	
Can general meetings of shareholders be held using technology?	The Company's constitution permits the use of technology at general meetings of shareholders (including wholly virtual meetings) to the extent permitted under the Corporations Act, ASX Listing Rules and applicable law.	Section 10.2

4. DETAILS OF THE OFFERS

4.1 The Offer

The Offer is a public offering of 100,000,000 Shares at an issue price of \$0.70 per Share to raise up to \$70,000,000 (**Maximum Subscription**).

All Shares offered under this Prospectus will be fully paid and will rank equally with the existing Shares currently on issue. Please refer to Section 10.2 for a summary of the material rights and liabilities attaching to the Shares.

The Offer is made on the terms and is subject to the conditions set out in this Prospectus.

4.2 Purpose of the Offer

The primary purposes of the Offer are to:

- (a) assist the Company to meet the admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules to facilitate the Company's application for re-admission to the Official List;
- (b) provide the Company with funding for:
 - (i) repayment of amounts owing to Hartree under the Initial Repayment Tranche under the Subscription Agreements;
 - (ii) the proposed development program at the Project (as further detailed in Section 5.4.5) and further exploration at the Company's tenure (as further detailed in Section 5.4.6);
 - (iii) evaluating acquisition opportunities that may be presented to the Board from time to time; and
 - (iv) the Company's working capital requirements while it is implementing the above business strategies;
- (c) provide the Company with access to capital markets to improve capital management flexibility; and
- (d) pay transaction costs associated with the Offers.

The Company intends to apply the funds raised under the Offer, together with its existing cash reserves, in the manner detailed in Section 5.6.

4.3 Minimum subscription

The minimum subscription under the Offer is \$20,000,000 (28,571,429 Shares) (**Minimum Subscription**).

If the Minimum Subscription has not been raised within four months after the date of this Prospectus or such period as varied by the ASIC, no Shares will be issued under the Offer and the Company will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

4.4 Oversubscriptions

No oversubscriptions above the Maximum Subscription will be accepted by the Company under the Offer.

4.5 Underwriter

The Offer is not underwritten nor are the Joint Lead Managers providing any settlement underwriting for the Offer.

4.6 Joint Lead Managers

The Company has appointed Euroz Hartleys Limited (**Euroz Hartleys**) and Jefferies (Australia) Pty Ltd (**Jefferies**) as joint lead managers to the Offer (together, the **Joint Lead Managers**). The Joint Lead Managers will receive a fee of 6% of the total amount raised under the Offer.

For further information in relation to the appointment of the Joint Lead Managers, please refer to Section 9.1.1.

4.7 Conditions of the Offers

The Offers are conditional upon the following conditions being satisfied:

- (a) the Minimum Subscription being reached; and
- (b) ASX granting conditional approval for the Company to be reinstated to Official Quotation,

(together the **Conditions**).

If the Conditions are not satisfied then the Offers will not proceed and the Company will repay all application monies received under the Offer within the time prescribed under the Corporations Act, without interest.

4.8 Applications under the Offer

4.8.1 General Applications

Other than with respect to Broker Firm Applications (refer to Section 4.8.2 below), all Applications for Shares under the Offer must be made by using the relevant Application Form as follows:

- (a) using an online Application Form at <https://apply.automic.com.au/MalleeResources> and pay the application monies electronically; or
- (b) completing a paper-based application using the Application Form attached to, or accompanying, this Prospectus or a printed copy of the Application Form attached to the electronic version of this Prospectus.

By completing an Application Form (including a Broker Firm Application), each applicant under the Offer will be taken to have:

- (a) declared that all details and statements made by them are complete and accurate and that they have personally received the Application Form together with a complete and unaltered copy of the Prospectus;

- (b) agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- (c) acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- (d) declared that all details and statements in their Application Form are complete and accurate;
- (e) declared that the applicant(s), if a natural person, is/are over 18 years of age;
- (f) acknowledged that, once the Company, the Share Registry or a Broker receives an Application Form (including electronically), it may not be withdrawn;
- (g) applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- (h) agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- (i) authorised the Company and the Joint Lead Managers, and their respective officers or agents, to do anything on behalf of the applicant(s) necessary for Shares to be allocated to the applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- (j) acknowledged that, in some circumstances, the Company may not pay dividends, or that any dividends paid may not be franked;
- (k) acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the applicant(s), given the investment objectives, financial situation or particular needs (including financial and tax issues) of the applicant(s);
- (l) declared that the applicant(s) is/are a resident of one of:
 - (i) **Australia;**
 - (ii) a member state of the **European Union**, and if so, the applicant(s) (and any such person) are a "qualified investor" (as defined in Article 2(e) of the Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union);
 - (iii) **Hong Kong**, and if so, the applicant(s) (and any such person on behalf of whom the applicant(s) is/are acquiring Shares for) is/are a "professional investor", as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong;

- (iv) **New Zealand**, and if so, the applicant(s) (and any such person on behalf of whom the applicant(s) is/are acquiring Shares):
- (A) Is/are a person who (i) is an investment business within the meaning of clause 37 of Schedule 1 of the Financial Markets Conduct Act 2013 (New Zealand) (the **FMC Act**), (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act, (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act, (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act or (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act (and, if an eligible investor, have provided the necessary certification);
 - (B) acknowledge that: (i) Part 3 of the FMC Act shall not apply in respect of the offer of Shares to the applicant(s), (ii) no product disclosure statement, register entry or other disclosure document under the FMC Act may be prepared in respect of the Offer and (iii) any information provided to the applicant(s) in respect of the Offer is not required to, and may not, contain all of the information that a product disclosure statement, register entry or other disclosure document under New Zealand law is required to contain;
 - (C) warrant that if in the future the applicant(s) elect to directly or indirectly offer or sell any of the Shares allotted to the applicant(s), the applicant(s) undertake not to do so in a manner that could result in (i) the Offer or such future offer or sale being viewed as requiring a product disclosure statement or other similar disclosure document or any registration or filing in New Zealand, (ii) any contravention of the FMC Act or (iii) the Company or its Directors incurring any liability; and
 - (D) warrant that (i) any person for whom the applicant(s) are acquiring or procuring Shares meets one or more of the criteria specified in subclause (A) above and (ii) the applicant(s) has/have delivered, where applicable, a safe harbour certificate in accordance with clause 44 of Schedule 1 of the FMC Act;
- (v) **Singapore**, and if so, the applicant(s) (or any person for whom the applicant(s) is/are acquiring the Shares) are:
- (A) are an "institutional investor" or an "accredited investor" (as such terms are defined in the Securities and Futures Act 2001 of Singapore (**SFA**));
 - (B) will acquire the Shares in accordance with applicable provisions of the SFA; and

- (C) acknowledge that the offer of the Shares is subject to the restrictions (including resale restrictions) set out in the SFA;
- (vi) **Switzerland**, and if so, the applicant(s) (or any person for whom the applicant(s) is/are acquiring the Shares):
 - (A) the applicant(s) (and any such person) is/are a professional client in the meaning of article 4(3) of the Swiss Financial Services Act (**FinSA**) or the applicant(s) (or any such person) has/have validly elected to be treated as a professional client pursuant to article 5(1) of the FinSA; or
 - (B) if the Company is a collective investment scheme, the applicant(s) (and any such person) is/are a "professional client" within the meaning of article 4(3) of the FinSA and have not made any declaration pursuant to article 5(5) of the FinSA that the applicant(s) wishes/wish to be treated as a "private client"; or
- (vii) **United Kingdom**, and if so, the applicant(s) (or any person for whom you are acquiring the Shares) is/are:
 - (A) a "qualified investor" within the meaning of Article 2(e) of the United Kingdom Prospectus Regulation;
 - (B) within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the United Kingdom Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended; and
 - (C) if the Shares are being marketed in the United Kingdom in compliance with the National Private Placement Regime (within the meaning of the Alternative Investment Fund Managers Regulations 2013), a "professional investor" (within the meaning of the Alternative Investment Fund Managers Regulations 2013);
- (m) acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and
- (n) acknowledged and agreed that if the Conditions are not satisfied for any reason, the Offer will not proceed; and
- (o) acknowledged and agreed that:
 - (i) it understands that the Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold in the United States, except in a transaction exempt

from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States;

- (ii) it is not in the United States, and it is purchasing the Shares in an 'offshore transaction' (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act;
- (iii) it has not sent and will not send this Prospectus or any other material relating to the Offer to any person in the United States; and
- (iv) if the applicant(s) decide(s) to sell, transfer or otherwise dispose of any Shares, the applicant(s) will do so only in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act, including in a standard (regular way) brokered transaction on the ASX where neither the applicant(s) nor any person acting on their behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States.

Applications for Shares under the Offer must be for a minimum of \$2,000.60 worth of Shares (2,858 Shares) and thereafter in multiples of \$500.50 (715 Shares) and payment for the Shares must be made in full at the Offer Price of \$0.70 per Share.

Completed Application Forms and accompanying cheques, made payable to "**Mallee Resources Limited**" and crossed "**Not Negotiable**", must be mailed or delivered to the address set out on the Application Form by no later than 5:00pm (WST) on the Closing Date.

If paying by BPAY® or EFT (Electronic Funds Transfer), please follow the instructions on the Application Form. A unique reference number will be quoted upon completion of the online application. Your BPAY or EFT reference number will process your payment to your application electronically and you will be deemed to have applied for such Shares for which you have paid. Applicants using BPAY or EFT should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight) and ensure payment is processed by their financial institution on or before the day prior to the Closing Date. You do not need to return any documents if you have made payment by BPAY or EFT.

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

The Company reserves the right to close the Offer early.

4.8.2 Broker Firm Applications

Persons who have received a firm allocation of Shares from their broker will be required to apply for Shares by way of a Broker Firm Application. If you have received an allocation of Shares from your broker and wish to apply for those Shares, you should contact your broker for information about how to submit your Broker Firm Application and for payment instructions.

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Broker Firm Applications or payment with respect thereto should not be sent to the Share Registry. Applicants applying by way of Broker Firm Applications should contact their broker to request a copy of this Prospectus and Application Form. Your broker will act as your agent and it is your broker's responsibility to ensure that your Broker Firm Application and application funds are received before 5:00pm (WST) on the Closing Date or any earlier closing date as determined by your broker.

If you are applying by way of a Broker Firm Application, you should complete and lodge your Broker Firm Application with the broker from whom you received your firm allocation. Broker Firm Applications must be completed in accordance with the instructions given to you by your broker and the instructions set out on the reverse of the Application Form.

Applicants applying by way of Broker Firm Application must pay their application amounts to their broker in accordance with instructions provided by their broker. Shares that have been allocated to brokers will be issued to the applicants nominated by those brokers. It will be a matter for each broker as to how they allocate Shares among their clients and they (and not the Company or the Joint Lead Managers) will be responsible.

The Company, the Joint Lead Managers and the Company's Share Registry take no responsibility for any acts or omissions committed by your broker in connection with your Application.

4.9 Allocation policy under the Offer

The allocation of Shares under the Offer will be determined by the Company in consultation with the Joint Lead Managers.

In recognition of the ongoing support received by the Company from its existing Shareholders, the Company and the Joint Lead Managers have agreed that applications under the Offer by existing Shareholders will receive favourable treatment, subject to the allocation policy set out below.

The Company, in consultation with the Joint Lead Managers, retains an absolute discretion regarding the basis of allocation of Shares under the Offer and reserves the right, in its absolute discretion, to allot to any applicant a lesser number of Shares than the number for which the applicant applies for or to reject any application. If the number of Shares allotted is fewer than the number applied for, surplus application money will be refunded without interest as soon as practicable.

No applicant under the Offer has any assurance of being allocated all or any Shares applied for. The allocation of Shares by Directors (in consultation with the Joint Lead Managers) will be influenced by the following factors:

- (a) the number of Shares applied for by particular applicants;
- (b) the overall level of demand under the Offer;
- (c) the Company's desire for an informed and active trading market following its listing on ASX;
- (d) the Company's desire to establish a wide spread of investors, including institutional investors;

- For personal use only
- (e) recognising the ongoing support of existing Shareholders;
 - (f) the likelihood that particular applicants will be long-term Shareholders;
 - (g) the desire for an informed and active market for trading Shares following completion of the Offer;
 - (h) ensuring an appropriate Shareholder base for the Company going forward; and
 - (i) any other factors that the Company and the Joint Lead Managers consider appropriate.

The Company will not be liable to any person not allocated Shares or not allocated the full amount applied for.

4.10 Ancillary Offers

This Prospectus includes the following ancillary offers:

- (a) an offer of 13,095,238 Shares (in aggregate) to D & B Mining Pty Ltd (ACN 643 948 574) (**D & B Mining**) and Zebs Minerals Pty Ltd (ACN 167 761 113) (**Zebs Minerals**) (or their respective nominees) in accordance with the terms of the Additional Acquisition Agreement summarised in Section 9.2.2; and
- (b) an offer of Hartree Shortfall Shares and/or Hartree Top-up Shares to Hartree (or its nominee) in satisfaction of the Company's obligations under the Implementation Agreement summarised in Section 9.2.1, further details of which are set out in Section 5.7.1,

(together, the **Ancillary Offers**).

The Ancillary Offers will open on the Opening Date and remain open until the date that the Company has issued the relevant Shares (unless closed earlier by the Directors, in their sole discretion).

Participation in the Ancillary Offers is personal and Application Forms in relation to the Ancillary Offers will be issued to D & B Mining, Zebs Minerals and Hartree (or their respective nominees) together with a copy of this Prospectus.

The Ancillary Offers are being made to ensure the on-sale of the Shares can be made within 12 months of the date of issue without a disclosure document or in reliance on an exemption under section 708 or 708A under the Corporations Act.

4.11 ASX listing

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within seven days after the date of this Prospectus. However, applicants should be aware that ASX will not grant Official Quotation of any Shares until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be re-admitted to the Official List. Accordingly, the Shares may not be able to be traded for some time after the close of the Offers.

If the Shares are not admitted to Official Quotation by ASX before the expiration of three months after the date of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares under the Offers 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 Securities offered for subscription under this Prospectus.

4.12 Issue

Subject to the Conditions set out in Section 4.7 being satisfied, the issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

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. However, the Company will be entitled to retain all interest that accrues on the bank account and each applicant waives the right to claim interest.

The Directors (in consultation with the Joint Lead Managers) will determine the recipients of the Shares in their sole discretion in accordance with the allocation policy detailed in Section 4.9). The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. 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.

Holding statements for Shares allocated to the Company's sponsored subregister and confirmation of allocation for CHESS holders will be mailed to applicants being allocated Shares under the Offer as soon as practicable after their issue.

4.13 Applicants outside Australia

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

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should observe any of these restrictions, including those outlined below. In particular, this Prospectus may not be distributed in the United States or elsewhere outside Australia, except to institutional and professional investors in New Zealand, Hong Kong, Singapore, the United Kingdom, the European Union (except Austria) and Switzerland in transactions exempt from local prospectus or registration requirements. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that you have complied with these restrictions.

Further indicative details in respect of participation by institutional and professional investors in New Zealand, Hong Kong, Singapore, the United Kingdom and Switzerland are set out in the Important Notices Section. The

information set out in the Important Notices Section is indicative only and investors in such jurisdictions should seek their own advice prior to applying for Shares under the Offer.

4.14 Commissions payable

The Company reserves the right to pay commissions of up to 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensees in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

The Joint Lead Managers will be responsible for paying all commissions that they and the Company agree with any other licensed securities dealers or Australian financial services licensees out of the fees paid by the Company to the Joint Lead Managers under the Offer Management Agreement.

4.15 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. Holders of Shares may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Shares subscribed for under this Prospectus.

It is not possible to provide a comprehensive summary of the possible taxation positions of all prospective applicants. As such, all prospective investors in the Company are urged to obtain independent taxation and 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 advisers accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus or the reliance of any applicant on any part of the summary contained in this Section.

No brokerage, commission or duty is payable by applicants on the acquisition of Shares under the Offer.

4.16 Discretion regarding the Offers

The Offers may be withdrawn at any time. If the Offers do not proceed, all relevant application monies will be refunded (without interest) in accordance with applicable laws.

The Company also reserves the right to close the Offers (or any part of the Offers) early, extend the Offers (or any part of the Offers), accept late applications either generally or in particular cases, reject any application or bid, or allocate to any applicant fewer Shares than applied for.

5. COMPANY AND PROJECT OVERVIEW

5.1 General Background

The Company was incorporated on 23 May 2007 and is currently listed on the ASX, having commenced quotation on 3 December 2007. Prior to changing its name to Mallee Resources Limited, the Company was focused on the development of mining and processing operations at the Bawdwin Project in Myanmar.

5.1.1 Divestment of Bawdwin Project Interest

The Company acquired a 51% participating interest in the Bawdwin Project through its former wholly owned subsidiary Bright Mountain Resources Myanmar Limited (**BMR**) in 2018. On 1 February 2021, a state of emergency was imposed in Myanmar. The State Administration Council (**SAC**), served as the highest executive and administrative authority in Myanmar from February 2021 until August 2021, when the SAC declared and appointed itself as the "Provisional Government of the Republic of the Union of Myanmar".

In response to the political situation in Myanmar and its potential impact on the Bawdwin Project, the Company entered into voluntary suspension on 1 February 2021. As announced on 21 July 2021, the Board determined that the political situation in Myanmar undermined support for the development of the Bawdwin Project in capital markets. As such, on 17 August 2021, the Company announced it had entered into a binding agreement, whereby it had conditionally agreed to dispose of its entire interest in the Bawdwin Project to its local joint venture partner Win Myint Mo Industries Co. Ltd for total consideration of US\$30 million. Shareholder approval for the disposal was obtained at the general meeting held on 24 September 2021.

The Company has received the full US\$30,000,000 (less administration costs) in consideration for its disposal of the Bawdwin Project, of which US\$955,000 was applied to the settlement of operational expenditure incurred on the Bawdwin Project between April and October 2021 and US\$16,975,000 (less administration costs) has been repatriated to Australia as at the date of this Prospectus. As at the date of this Prospectus, the amount of US\$12,061,544 is held by BMR.

5.1.2 Repatriation of Myanmar Funds to Australia

On 3 April 2022, the Central Bank of Myanmar (**CBM**) issued a public notice in respect of the conversion of foreign currency balances into local currency and the requirement for approval of the transfer of foreign currency overseas by a new Foreign Exchange Supervisory Committee, the exact nature and effect of which remains uncertain.

As a result of the ongoing uncertainty with respect to the Company's ability to repatriate funds from its former investment in Myanmar in a timely manner (or at all), the Company entered into the BMR Sale Agreement, under which Bright Mountain Pty Ltd (a wholly owned subsidiary of the Company that held 100% of the issued capital in BMR) agreed to sell 100% of the issued capital in BMR to MAI in consideration for a cash payment of US\$10,200,000. The sale of BMR completed on 25 July 2022. Refer to Section 9.4.1 for a summary of the material terms of the BMR Sale Agreement.

5.2 Acquisition of the Avebury Nickel Project

The Company acquired Allegiance Mining Pty Ltd (ACN 059 676 783) (**Allegiance**), which holds the tenements making up the Avebury Nickel Project, from Dundas Mining Pty Ltd (in liquidation) (ACN 608 839 050) (**Dundas**) pursuant to a deed of company arrangement entered into in respect of Allegiance.

5.2.1 Background to Allegiance Administration

Dundas is an Australian proprietary company that acquired 100% of the shares in Allegiance from MMG in 2017, while the Project was under a care and maintenance program, which remained in place for the duration of Dundas' ownership. Further information in respect of the Project is set out in Section 5.4, the Independent Technical Assessment Report in Annexure A and the Solicitor's Report on Tenements in Annexure B.

To finance the development of the Project, Dundas, Allegiance and their related companies, Winched Investment Pty Ltd, Colour Metal Pty Ltd and AGG Fortune Pty Ltd (together, the **Dundas Group**), entered into a secured loan facility with Hartree Metals LLC (**Hartree**) on or around 20 July 2021 (**Former Facility Agreement**). The Former Facility Agreement was secured over all of the property and assets of the Dundas Group, including Allegiance's interest in the Project.

On 21 July 2021, the Dundas Group drew down US\$11 million under tranche A of the Former Facility Agreement and had an obligation to satisfy various conditions, and draw tranche B under the Former Facility Agreement. As Dundas had not met the conditions to drawing tranche B by the date required and was therefore in default under the Former Facility Agreement, Hartree issued notice of default and demanded payment of US\$11.72 million for amounts owing under the Former Facility Agreement.

The Dundas Group's failure to comply with the notice of default was the catalyst for Hartree's decision to appoint Nicholas Martin, Andrew Fielding and Duncan Clubb of BDO Australia as receivers and managers of the Dundas Group (**Receivers**). Following the appointment of Receivers, the directors of each member of the Dundas Group resolved to appoint Richard Tucker and John Bumbak of KordaMentha as voluntary administrators of each member of the Dundas Group (**Administrators**).

5.2.2 DOCA and Implementation Agreement

After conducting a review of the options available to them, the Administrators commenced a process of seeking expressions of interest to either purchase the assets of the Dundas Group or to recapitalise the Dundas Group between December 2021 and February 2022.

The Company and Hartree made a joint proposal to the Administrators on 15 February 2022, under which it was proposed that a deed of company arrangement be entered into in respect of Allegiance and that the other members of the Dundas Group be placed in liquidation.

At a creditors meeting held on 22 February 2022:

- (a) the creditors of Allegiance resolved that Allegiance execute a deed of company arrangement with the Company and Hartree, with Richard

Tucker and John Bumbak of KordaMentha to be appointed as deed administrators (**Deed Administrators**); and

- (b) the creditors of each other member of the Dundas Group resolved that each company be placed into liquidation, with Richard Tucker and John Bumbak of KordaMentha appointed as liquidators to those companies (**Liquidators**).

On 7 March 2022, the Company and Hartree (as joint proponents), Dundas, Allegiance, the Liquidators and the Deed Administrators entered into the DOCA, which set out the terms and conditions under which the Company had a conditional right to acquire 100% of the issued capital in Allegiance. Simultaneously with entry into the DOCA, the Company also entered into the Implementation Agreement with Hartree, which sets out the terms on which the DOCA would be implemented and a basis for the ongoing commercial arrangements between the Company and Hartree, including Hartree making the creditor payments required under the DOCA utilising funds made available under the Former Facility Agreement and entry into the Offtake Agreement, Hedging Agreement, Subscription Agreements and associated Security Documents, summaries of which are set out in Sections 9.1.2 and 9.3.

The effectuation of the DOCA extinguishes all claims that existed at the date of appointment of the Administrators, including the claims of Hartree (as a former secured creditor of Allegiance who was party to the DOCA), as well as costs incurred in development of the Project during the DOCA period.

All conditions precedent under the DOCA and Implementation Agreement were satisfied within the period required under the DOCA and effectuation of the DOCA (**DOCA Effectuation**) occurred on 6 July 2022 (**DOCA Effectuation Date**), at which time the Company's wholly owned subsidiary, Mallee Tas, acquired 100% of the issued capital in Allegiance.

In connection with DOCA Effectuation, the Company:

- (a) drew down on a US\$20 million debt facility and a US\$10 million bridging loan made available by Hartree under the Subscription Agreements;
- (b) met its payment obligations under the DOCA, which required net payments to Hartree totalling US\$10.0 million (after offsetting the above finance facility) and A\$2.3 million (for costs associated with the transaction);
- (c) issued 91,973,769 Shares to Hartree's nominee, Hartree Metals Investments SARL (**Hartree Effectuation Shares**);
- (d) issued 19,841,270 Shares to the Liquidators (**Liquidator Effectuation Shares**); and
- (e) appointed Stephen Hendel to its board as Hartree's nominee director.

Hartree and the Liquidators may also be issued additional Shares on the terms set out in Sections 5.7.1 and 5.7.2.

Other than as described above, there is no relationship between the Company and Dundas.

5.2.3 General Meeting

The Company held a Shareholder meeting on 29 June 2022 (**General Meeting**), at which Shareholder approval was obtained for:

- (a) the significant change in the nature and scale of the Company's activities resulting from the Acquisition, for which Shareholder approval was obtained under ASX Listing Rule 11.1.2;
- (b) the issue of the Shares to Hartree in accordance with the terms of the Implementation Agreement, for which Shareholder approval was obtained under section 611(7) of the Corporations Act;
- (c) the issue of Shares to the Liquidators in accordance with the terms of the DOCA, for which Shareholder approval was obtained under section 611(7) of the Corporations Act;
- (d) the Mallee Tas Group (including Allegiance) providing financial assistance to the Company and Mallee Tas in connection with the Acquisition, for which Shareholder approval was obtained under section 260B(2) of the Corporations Act;
- (e) the issue of Shares under the Offer for which Shareholder approval was obtained under ASX Listing Rule 7.1;
- (f) the participation by Directors, John Lamb, Jeffrey Moore and Rowan Caren in the Offer for an investment of up to \$30,000 each in the Offer for which Shareholder approval was obtained under ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act;
- (g) the appointment of Stephen Hendel (Hartree's nominee) as a Director in accordance with the terms of the Implementation Agreement;
- (h) the replacement of the Constitution;
- (i) the increase of the total aggregate amount of fees payable to non-executive Directors from \$250,000 per annum to \$500,000 per annum; and
- (j) the issue of 13,095,238 Shares to D&B Mining and Zebs Minerals (or their nominees) under the Additional Acquisition Agreement for which Shareholder approval was obtained under ASX Listing Rule 7.1.

5.3 Key Investment Highlights

The Directors are of the view that the key highlights of an investment in the Company include:

- (a) the ownership of Allegiance and the Project which:
 - (i) is ideally situated in Tasmania, in a known mining district with excellent infrastructure and logistics options for the transportation of concentrate to the export facility at the Port of Burnie;

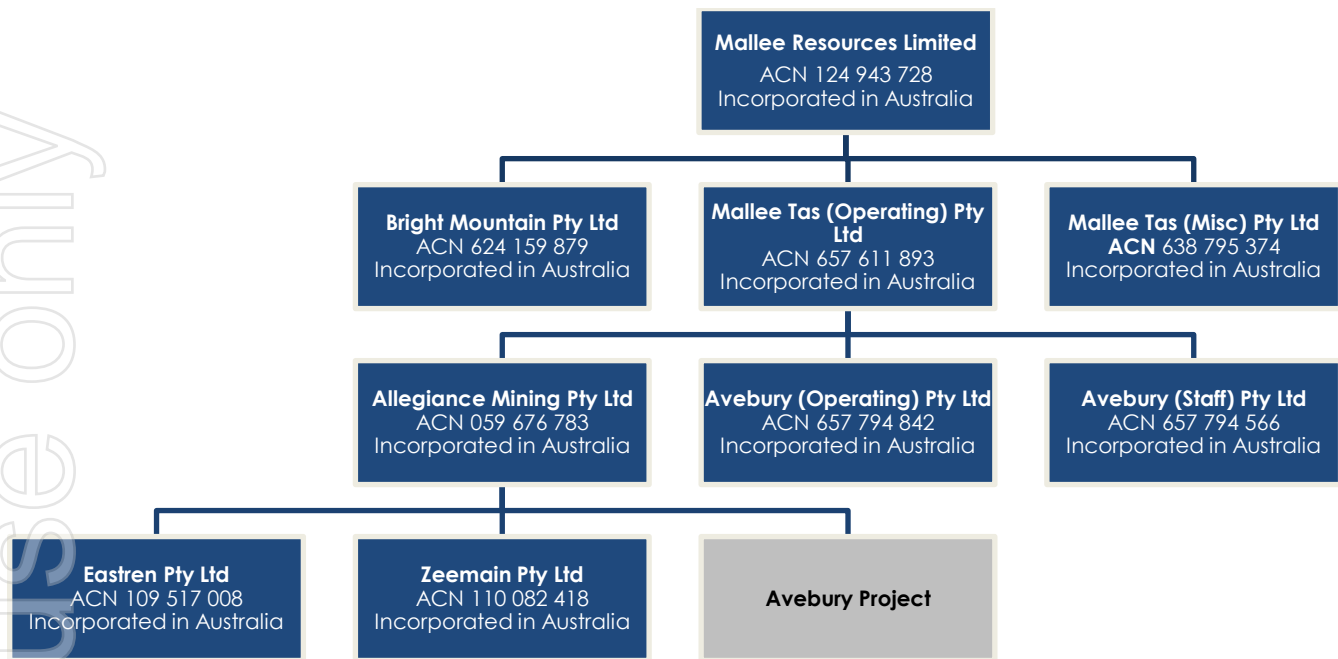
- For personal use only
- (ii) hosts a substantial nickel sulphide mineral resources of 29.3 Mt at 0.9% Ni for 264 Kt contained Ni (refer to Table 1 of the Independent Technical Assessment Report for further details); and
 - (iii) has experienced significant historic development, including an existing underground mine, processing plant, site infrastructure and tailings storage facility (refer to Section 5.4.4 for further details);
 - (b) the Company has an experienced Board and management team that will assist the growth of the Company and development of the Project, including the Company's Managing Director, John Lamb, having an intimate understanding of the Project through his former role as general manager of the Project;
 - (c) the Company has funding, through the Subscription Agreements and Offtake Agreement (summarised in Sections 9.1.2 and 9.3.1), in support of the development of the Project and re-start of the mine, with an offtake partner in place for sale of concentrate produced by the Company; and
 - (d) the potential increase in market capitalisation of the Company following completion of the Acquisition and Offer may, assuming the Company successfully re-complies with Chapters 1 and 2 of the ASX Listing Rules, lead to access to improved equity capital market opportunities and increased liquidity.

5.3.2 Disadvantages of an investment in the Company

The Directors are of the view that the following non-exhaustive list of disadvantages of an investment in the Company include:

- (a) the Acquisition, Offer and associated transactions have and will result in the issue of a significant number of Shares, which will have a dilutionary effect on the holdings of Shareholders;
- (b) there are inherent risks associated with the change in nature of the Company's activities, some of which are summarised in Section 7; and
- (c) the Company's future capital requirements may require that additional funds are raised through equity, debt or a combination thereof, which could further dilute Shareholders that do not participate in such capital raisings.

5.3.3 Group Structure



5.4 Overview of the Avebury Nickel Project

5.4.1 Location and Infrastructure

The Project is situated 8 km west of the town of Zeehan on Tasmania's west coast.



Figure 1: Location of the Project

5.4.3 Geology, Mineral Resources and Exploration

The Avebury nickel deposit is hosted in an ultramafic body located within a sedimentary sequence comprising volcanoclastic turbidites. Mineralisation at the Project is focused along the ultramafic–sedimentary host sequence contact but lenses of mineralized rock are also present within the ultramafic body. The mineralisation at the Project consists of veins and coarse-grained disseminations of sulphides that can be hosted by both serpentinised ultramafic rocks and skarn-altered rocks.

Grades of mineralised serpentinite and skarn range from 0.4% to 4% Ni, with an average of about 1% Ni at a cut-off grade of 0.4% Ni. This nickel grade was deemed to represent the natural cut-off grade between mineralised and non-mineralised material.

Mineralised zones in the ultramafic body vary in true width from 1 metre to 40 metres and average around 10 metres. Mineralised lenses are generally around 50 metres to 600 metres in length and can extend over 400 metres down dip.

CSA Global Pty Ltd (**CSA Global**), an ERM Group company, was engaged by the Company to report the Avebury deposit Mineral Resource estimate in accordance with the JORC Code. The Mineral Resource estimation work was carried out by MMG in 2011 and reported in accordance with the JORC Code in 2013, and no drilling has been undertaken since.

CSA Global has reviewed the work undertaken by MMG, undertaken a review of (and amended) the classification approach, checked the depletion, completed an assessment of reasonable prospects for eventual economic extraction (RPEEE), and revised the reporting of Mineral Resource in accordance with the JORC Code. The Mineral Resource estimate is shown in Table 1.

Table 1: Avebury Mineral Resource estimate, reported from all blocks within Ni > 0.4 % envelope

JORC classification	Tonnes (Mt)	Ni (%)	Co (ppm)	As (ppm)
Indicated	8.7	1.0	244	378
Inferred	20.7	0.8	223	297
TOTAL	29.3	0.9	229	321

Notes: Due to the effects of rounding, the total may not represent the sum of all components. All resources are quoted as total nickel, a nickel recovery of 75 to 80% is expected using conventional flotation processes.

The Mineral Resource estimate is based on data from 456 diamond drill holes, drilled from surface and underground. An independent unpublished review completed in 2014 reported that drilling data which has been collected represents a high-quality dataset which is suitable to carry forward for Mineral Resource estimation.

A total of 40 nickel domains were created to provide the framework to the Mineral Resource estimate. MMG completed statistical analysis and

variography to support the Mineral Resource estimation. Grade estimation was carried out within all nickel domains using ordinary kriging.

Mineral Resources have been classified based primarily on drill spacing, with due consideration of the data quality and style of mineralisation. No Measured Mineral Resources have been reported based on the significant short-range grade and geological variability, and some uncertainty regarding the precision and accuracy of the XRF (x-ray fluorescence) data. CSA Global considers that underground development within the mineralisation and additional drilling will be required to classify Measured Mineral Resources.

The Avebury nickel deposit is open at depth and along strike. Historical exploration work has identified the potential for a similar style nickel deposit in similar ultramafic rocks to the west of Avebury at Trial Harbour.

At Melba Flats, the nickel prospects are associated with gabbro dykes, with anomalous occurrences of nickel, copper and platinum group elements.

5.4.4 Underground Mine, Processing Plant and Tailings Storage

The Avebury site infrastructure is in good condition and includes an existing underground mine, an established processing plant and operating site services (power, water and utilities).

In 2004, the central area of the Avebury deposit was accessed through the use of initial decline mining and, in 2006, ore development and trial mining were conducted producing which produced 6,000 tonnes of ore mined product for test work. Commercial-scale production commenced in 2008, utilising a combination of transverse and longitudinal stoping. Mined waste was used in both loose and cemented rock fill to backfill the mined-out stopes.

A total of 8,500 metres of underground development was completed up to 2009. The underground mine workings have been well maintained while on care and maintenance and the mine is free from flooding.

The Avebury processing plant and site infrastructure was established around 2007. The plant operated for 9 months during 2008 and 2009 and has been on care and maintenance since this time. No mineral processing has occurred since 2009 and the plant and site infrastructure remains in good condition.

The processing plant has a nameplate processing capacity of 900 ktpa and was designed to recover 79% of the nickel in ore to a nickel concentrate, with a nickel grade around 20%. The crushing circuit includes a primary, secondary and tertiary crusher. The grinding circuit has a ball mill, magnetic separator and regrind mill. The plant has conventional flotation cells which report the final wet concentrate product to the dewatering and filtration circuit. The filtered concentrate product is then stockpiled in a storage facility from where it can then be loaded for transportation.

Figure 3: Project Process Flow Diagram

5.4.5 Proposed Development Program

Based on this review, the Company has compiled a detailed site budget, including development of mine designs, a detailed mine schedule, processing schedule and metallurgical forecast. The Company has developed a full operating and capital budget for the 18 months commencing 1 July 2022.

The Company's existing budget is based on historical usage rates for diesel, reagents and other inputs at current-day pricing. Historical dilution, ore recovery, mining rates, processing rates, metallurgical recoveries and similar operational data have been assumed in development of the budget. The Company considers these figures to be conservative owing to management challenges experienced at the time of prior operation and which have been rectified.

Item ¹	Minimum Subscription	Maximum Subscription
Mining and Geology ²	\$8,000,000	\$12,000,000
Processing ³	\$4,200,000	\$21,200,000
Accommodation Facility and Site Admin Capital Expenditure ⁴	\$3,200,000	\$8,200,000
Exploration ⁵	\$1,200,000	\$15,000,000
Administration and Logistics ⁶	\$4,350,000	\$4,350,000
Maintenance ⁷	\$5,750,000	\$5,750,000
Other Capital Expenditure ⁸	\$300,000	\$1,500,000
Total Estimate	\$27,000,000	\$68,000,000

Notes:

- Amounts itemised in the table are budgetary, forward looking estimates and represent the best information the Company has available to date. As with any budget, intervening events (including Project development 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.
- Including pre-production geological review, grade control activities, geological management, production drilling, blasting, backfilling and other general mining activities. Under a Maximum Subscription scenario, the Company has budgeted an additional \$4,000,000 for the purchase of mobile mining equipment (two additional trucks).
- Including costs associated with crushing, grinding, flotation, regrinding, metallurgy review, costs of reagents and tailings treatment. Under a Maximum Subscription scenario, the Company has budgeted an additional:
 - \$6,000,000 toward construction of a paste plant to reclaim process water efficiently and for treatment of tailings intended to be distributed as backfill, with a suitable plant already having been identified in Tasmania;
 - \$1,000,000 toward debottlenecking, optimisation and decarbonisation studies;
 - \$5,000,000 toward construction of additional filtration capacity;
 - \$5,000,000 toward the purchase of an ore sorter to reduce the total volume of inbound mined product and increase the grade of mined product processed.
- Construction and upkeep of an accommodation facility and mess hall in the nearby town of Zeehan. Under a Maximum Subscription scenario, the Company will complete further development of the accommodation facility to provide accommodation facilities for the increased workforce required to implement an accelerated mine ramp-up.
- Refer to Section 5.4.6 below for a summary of the Company's proposed exploration activities.
- Including \$1,500,000 in environmental bonds payable to Mineral Resources Tasmania, costs associated with site logistics and administration costs, such as emergency response, safety, training, environmental monitoring, supervision and camp & accommodation costs,
- Underground mine maintenance, plant and equipment maintenance, mobile maintenance overheads and maintenance of fixed plant at the processing facility.
- Under a Minimum Subscription scenario, a scanning laser survey drone is purchased to ensure proper production reconciliation from the outset. Under a Maximum Subscription scenario, additional mobile equipment capital is allocated for the purchase of battery-electric drills, which are a higher capital cost than the diesel-electric units presently budgeted and for the buy-out of leased teleremote loader control stations.

The Company's short-term strategy for the mine re-start is to maximise production rates within the current 900ktpa nameplate capacity constraints of the processing facility, supported by mining production rates consistent with that achieved during the Project's relatively short prior operating life.

The Company has commenced mining operations at the Project, with mined product currently being stockpiled on the run of mine (**ROM**) pad. The

Company intends to continue stockpiling mined product on the ROM pad in the coming months, until such time as sufficient product has been stockpiled for the recommissioning of the processing plant.

On both a Minimum Subscription and Maximum Subscription, the Company plans to undertake the following activities:

- (a) complete construction of stage 1 of the Company's accommodation facilities at the nearby town of Zeehan;
- (b) continue to undertake mining activities and stockpiling of mined product until such time as sufficient mined product has been stockpiled to allow for the recommissioning of the processing plant; and
- (c) once sufficient product has been stockpiled and plant and equipment at the processing facility has been recommissioned, commence processing of mined product into nickel concentrate through the existing processing facility.

The Company considers that potential scope exists to evaluate debottlenecking, optimisation and decarbonisation initiatives to target further expansions, with the processing facility designed and constructed to be relatively easily expanded with minimal disruption to production. A debottlenecking study will be commissioned in the plant once steady-state production has been achieved, with the aim of identifying operating improvements and capital equipment required to achieve and, subsequently, exceed nameplate capacity.

The development plans developed by prior management of Allegiance during historic operation targeted an initial "base case" production volume of 900ktpa, with short term production expansion to 1.2 Mtpa planned and scope for a medium term expansion to 1.5 Mtpa. With continued exploration success, a further expansion up to 1.8 Mtpa was planned.

To support any future potential expansion to the current re-start plan, the Company considers that some upgrades are likely to be required to the processing plant's milling and/or crushing circuit, as well as installation of a larger filter press and increased concentrate storage, which has been budgeted for under the Maximum Subscription scenario. Any expansion strategy for the Project will be reviewed following the resumption of production, in conjunction with results from the proposed near mine and regional exploration program.

Under a Maximum Subscription scenario, the Company also intends to allocate \$15 million towards the exploration activities discussed in Section 5.4.6 below.

Improvements to administration systems and operational assets are budgeted, including information systems, telecommunications, accommodation facilities, carbon accounting and the site laboratory. As at the date of the Prospectus, the Company has commissioned the enterprise resource planning system Pronto, along with PeopleTrav for managing human resources and safety information in addition to various technical systems.

The Company will operate Avebury on an owner-operated basis. The site workforce will substantially increase as the site moves toward a continuous 24 hour day / 7 day a week operational regime.

Under a Maximum Subscription scenario, capital expenditure in the financial year ending 30 June 2023 includes completion of Stage 2 of the Company's planned accommodation camp and messing facilities in Zeehan, installation of a paste or similar cemented backfill plant at the Project, construction of expanded concentrate storage and handling facilities at site, a decarbonisation study assessing the benefit of moving away from diesel powered equipment to an all-electric site utilising Tasmania's hydro-electric grid power and further capital equipment purchases late in the year as the starting fleet reaches its 12-month hire anniversary.

Under a Minimum Subscription scenario, the proposed stage 1 accommodation facility is completed, the intended paste facility is secured and delivered to site but not commissioned (delivery of cemented rockfill to primary stopes is maintained instead), mobile plant is majority hired or finance-purchased, a return to concentrate production remains planned for September 2022, but optimisation studies and expansion plans are deferred until cashflow from operations allows, probably in 2023.

The Minimum Subscription scenario assumes US\$10.2 million of cash proceeds associated with the sale of the Company's interests in its former Myanmar subsidiary, Bright Mountain Resources (Myanmar) Limited (**BMR**) to Myanmar Airways International Company Limited (**MAI**) are settled in tranches prior to the deadlines set out in the BMR Sale Agreement. In the event settlement of this transaction with MAI is materially delayed, or full cash proceeds are not ultimately received by the Company, the Company's budget requires additional funding to be raised in order to achieve the planned restart for Avebury mine and recommencement of product sales. Further details in respect of the BMR Sale Agreement are set out in Section 9.4.1.

Should funding between the Minimum Subscription and Maximum Subscription amounts be realised, the Company will allocate all funds identified under the Minimum Subscription scenario. Additional funds will be first allocated to meet the increased costs of the Offer and administration costs. Thereafter, additional funds will be applied to meet the requirements (if any) to ensure nameplate production is reached. Beyond this, funds will be prioritised towards exploration activities, as the Company believes that the potential for discovery of additional production sources in both the Avebury Arc and Melba regions is high. Such sources would both require and further justify the expansion of the Avebury plant to, and beyond, the contemplated 1.2Mtpa level.

Quantitative information and timelines relating to mining and processing operations cannot be reliably estimated at this time. As a general and preliminary overview, mining activities have commenced to build stockpiles on the ROM pad.

Commissioning of the plant is anticipated to take place prior to the end of 2022, with throughput moderated to optimise the plant performance. Subject to plant commissioning being successful, a graduated increase of throughput is anticipated to occur in the future to achieve a steady state of concentrate production.

5.4.6 Exploration

The Company considers that exploration potential exists throughout its tenure, as summarised below and discussed in further detail in the Independent Technical Assessment Report set out in Annexure A:

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- (a) **Avebury Mine and Immediate Surrounds (3M/2003 and 6M/2007):** The deposit remains open at depth in at least two directions – down plunge of Avebury East to the east and Viking to the west along the contact with the overlying Crimson Creek Formation. These areas are still open down plunge, and it could be reasonably expected that following these trends may lead to increased Mineral Resource tonnes, if not grade. In addition, approximately 1 km to the immediate north of the Avebury deposit, mineralisation has been discovered in a separate mass of the ultramafic at Pontiac.
 - (b) **Mount Zeehan (EL28/1988):** Exploration in the region has focused on delineating potential masses of the favourable ultramafic and identifying potential massive sulphides of Avebury-style mineralisation. A detailed aeromagnetic survey flown in 1998 delineated several prominent magnetic highs along the southern margin of the Heemskirk Granite. Subsequent ground follow-up work and drilling has identified an excellent correlation between the magnetic highs and magnetite-bearing serpentinised ultramafic.
 - (c) **Melba Flats and Melba Siding (EL43/1992, EL5/2020 and RL5/2009):** Previous exploration at Melba Flats includes campaigns of geological mapping, airborne geophysics, ground-based geophysics, geochemical sampling, and shallow diamond drilling in the region of the historical nickel showings. No recent material exploration on EL5/2020 has been carried out. Results of historical exploration at the North Cuni-Genets prospect located on Allegiance's Melba Flats licence RL5/2009, which is adjacent to EL5/2020, provide context to the prospectivity of EL5/2020.

The Company intends to prioritise the re-start of mining and processing operations at the Project in the near-term. All expenditure commitments required to keep the tenure in good standing, including exploration expenditure, are planned to be met during this period.

Under a Maximum Subscription scenario, the Company plans to undertake programs of near-mine exploration drilling to upgrade lower confidence mineral resources and define new mineral resources. The Company also plans to investigate new mineralised zones outside the exiting mine envelope with geoscience surveys and exploration drilling, in particular at its Melba tenements, to follow up high-grade nickel reported in historical workings and supported by more recent geological surveys.

During the 3 year period prior to the commissioning of the mine in 2008, prior management of Allegiance (when it was a listed no liability company) reported resources (0.4% cut off grade) increased at a compound growth rate (CAGR) of 16%. In an environment of increasing demand for low carbon nickel, the Board believes there is considerable upside for Shareholders from achieving further near-mine resource upgrades as well as new discoveries from successful drilling of the Avebury Arc region which remains yet to be fully explored.

Exploration priorities under a Maximum Subscription scenario are as follows:

- (a) define new and extend existing resources at East Avebury. The Company considers this area offers good potential to discover new ore lenses (and extend/upgrade existing), within an area of relatively sparse drilling;

- (b) improve definition of the East Avebury by developing exploration drives to the east, to serve as underground drilling platforms;
- (c) extend the Pontiac target (located 1 km north of Avebury) beyond the previous drill hole P008;
- (d) define and extend mineralization intersected in Serpentinized Ultramafic rocks along the Trial Harbour trend (similar host rocks to Avebury);
- (e) extend existing and potentially define additional high-grade low tonnage Ni-Cu (PGE) deposits at Melba Siding/Melba Flats; and
- (f) after collecting further geochemical and geophysical data (magnetic and IP) test deeper nickel (and copper) source targets in the area west of Melba Flats (in EL5/2020) currently defined by a significant regional aeromagnetic anomaly.

Refer to the Independent Technical Assessment Report for further detail with respect to the above target areas, including historic exploration activities undertaken.

Under a Minimum Subscription scenario, the Company will undertake sufficient exploration to meet the minimum commitments required to hold the tenement portfolio in good standing. All other exploration expenditure is intended to be deferred until cashflow from operations allows work to resume.

Proposed exploration programmes will be developed during the period following re-compliance with Chapters 1 and 2 of the ASX Listing Rules, with funding allocated toward exploration to be dependent on amounts raised under the Offer and any revenue received following the mine re-start.

5.5 Key Dependencies of the Business Model

The key dependencies influencing the viability of the Company's business model are:

- (a) the Company retaining title and access to the Project;
- (b) the Company obtaining such regulatory approvals as are required to complete the re-development of the Project and re-start of the mine at the Project;
- (c) the mineralisation at the Project being substantially consistent with those predicted in connection with the Mineral Resource estimate (refer to Table 1 of the Independent Technical Assessment Report for further detail) and the Company having an ability to adjust mining plans for any inconsistency between actual and estimated mineralisation;
- (d) nickel price volatility and US\$:A\$ exchange rate risk;
- (e) compliance by the Company with the Offtake Agreement, Hedging Agreement, Subscription Agreements and associated Security Documents;

- (f) the Company raising sufficient funds to satisfy expenditure requirements and development costs in respect of the Project, including with respect to repayment of amounts owing under the Subscription Agreements;
- (g) the Company receiving US\$10.2 million of cash proceeds from the sale of BMR to MAI in accordance with the terms of the BMR Sale Agreement (summarised in Section 9.4.1); and
- (h) minimising environmental impact and complying with health and safety requirements.

5.6 Use of funds

The Company intends to apply funds raised from the Offer, together with existing cash reserves, as follows:

Funds available	Minimum Subscription (\$20,000,000)		Maximum Subscription) (\$70,000,000)	
	\$	(%)	\$	(%)
Existing cash reserves in Australia ¹	\$13,900,000	28.85%	\$13,900,000	14.16%
Proceeds under BMR Sale Agreement ²	\$14,280,000	29.64%	\$14,280,000	14.54%
Offer	\$20,000,000	41.51%	\$70,000,000	71.30%
Total	\$48,180,000	100%	\$98,180,000	100%
Uses of Funds				
Repayment of Initial Repayment Tranche ³	\$14,000,000	29.06%	\$14,000,000	14.26%
Avebury site expenditure ⁴	\$27,000,000	56.04%	\$68,000,000	69.26%
Costs associated with the Avebury Acquisition	\$1,100,000	2.28%	\$1,100,000	1.12%
Expenses of the Offers ⁵	\$1,693,177	3.51%	\$4,717,088	4.80%
Administration Costs ⁶	\$1,600,000	3.32%	\$1,600,000	1.63%
Working Capital ⁷	\$2,786,823	5.78%	\$8,762,912	8.93%
TOTAL	\$48,180,000	100%	\$98,180,000	100%

Notes:

- The Company's existing cash reserves are stated as at 6 July 2022 following effectuation of the DOCA. Since this date, the Company has allocated funds towards the various items set out in the table above.
- A\$ value converted at US\$1:A\$1.4. The Minimum Subscription assumes US\$10.2 million of cash proceeds associated with the sale of the BMR to MAI are settled in tranches prior to the deadlines set out in the BMR Sale Agreement. In the event settlement of this transaction with MAI is materially delayed, or full cash proceeds are not ultimately received by the Company, the Company's budget requires additional funding to be raised in order to achieve the planned restart for Avebury mine and recommencement of product sales. Refer to Sections 5.1 and 9.4.1 for further details with respect to the funds to be repatriated by the Company from Myanmar.

3. A\$ value converted at US\$1:A\$1.4. In accordance with the Subscription Agreements, interest will be payable in respect of the funds advanced under the Facility (including the Initial Repayment Tranche on a monthly basis). Funds will be drawn from working capital for these purposes. Refer to Section 9.1.2 for a summary of the Subscription Agreements including the Company's obligations to repay the Initial Repayment Tranche.
4. Refer to Section 5.4.5 for a summary of the Company's development plans in respect of the Project.
5. Expenses of the Offers include legal fees, ASX fees, adviser fees, investigating accountant fees, independent geological expert fees, share registry fees and brokerage costs.
6. Administration costs include the general costs associated with the management and operation of the Company's business including administration expenses, management salaries, directors' fees, rent and other associated costs.
7. Working capital provides for additional capital to be used for additional development following the planned development program, exploration activities in the area surrounding the existing mine or grant of additional tenements applied for by the Company and investment in new mineral exploration projects not yet identified by the Directors, including due diligence costs incurred in consideration of such projects.

The above table is a statement of current intentions as of the date of this Prospectus. The Company anticipates that the funds available on the Company's re-instatement to trading will be sufficient to re-commence mining and sale of product at the Project, at which time the Company expects to be receiving revenue from the sale of product under the Offtake Agreement.

As with any budget, intervening events (including Project development 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.

The Directors consider that following completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives.

A description of how funds will be allocated in the event the Company raises more than the Minimum Subscription under the Offer but less than the Maximum Subscription is set out in Section 5.4.5 above.

5.7 Capital structure

The capital structure of the Company as at the date of this Prospectus and following completion of the Offers (assuming both Minimum Subscription and Maximum Subscription under the Offer) is set out in the table below:

	Shares ¹		Options ²	Performance Rights ³
	Minimum Subscription (\$20,000,000)	Maximum Subscription (\$70,000,000)		
Current	301,926,054	301,926,054	1,300,000	4,653,175
Shares issued under the Offer ⁴	28,571,429	100,000,000	-	-
Shares issued under the Ancillary Offers ⁵	13,095,238	13,095,238	-	-
Total⁶	343,592,721	415,021,292	1,300,000	4,653,175

Notes:

1. The material rights and liabilities attaching to the Shares are summarised in Section 10.2.
2. The material terms and conditions of the Options are summarised in Section 10.3.
3. The material terms and conditions of the Performance Rights are summarised in Section 10.4. The Performance Rights that are currently on issue are convertible into Shares at the election of the holder in the event the Company has a market capitalisation greater than \$60,000,000 at reinstatement to the Official List of ASX, which will be the case in the event the Company raises the Minimum Subscription under the Offer.
4. Issue of 28,571,429 Shares at an issue price of \$0.70 per Share to raise \$20,000,000 on Minimum Subscription and up to 100,000,000 Shares at an issue price of \$0.70 per Share to raise up to \$70,000,000 on Maximum Subscription.
5. The Company has agreed to issue 13,095,238 Shares to D & B Mining and Zebs Minerals (or their nominees) under the Additional Acquisition Agreement. Refer to Sections 4.10 and 9.2.2 for further details.
6. Under the terms of the DOCA and Implementation Agreement, the Company may be required to issue additional Shares to Hartree and the Liquidators. Refer to Sections 5.7.1 and 5.7.2 for further details.

5.7.1 Issue of Hartree Shares

In accordance with the Implementation Agreement, the Company issued 91,973,769 Shares to Hartree Metal Investments SARL on 5 July 2022 (**Hartree Effectuation Shares**) in satisfaction of a \$38,600,000 claim made by Hartree under an offtake agreement formerly in place with the Dundas Group.

As at the date of entry into the Implementation Agreement, the Company was awaiting repatriation of up to US\$12,237,000 from its former investment in Myanmar (**Outstanding Amount**). As at the date of this Prospectus, the Company has repatriated US\$100,000 of the Outstanding Amount (less administrative costs), with the balance of funds available for repatriation, after the deduction of administration costs, of \$12,061,544 held by BMR.

On 21 July 2022, the Company (through its wholly owned subsidiary BMPL) entered into the BMR Sale Agreement, under which the Company will receive US\$10,200,000 in consideration for 100% of the issued capital in BMR. Refer to Section 9.4.1 for a summary of the material terms and conditions of the BMR Sale Agreement.

If the Company has not repatriated the Outstanding Amount on or before 6 August 2022 (**Balance Date**), the Company will either:

- (a) if the Company completes a capital raising (**Shortfall Raising**) for an amount equal or greater than the shortfall in the Outstanding Amount (**Outstanding Amount Shortfall**) on or before 6 September 2022 (**Hartree Top-up Date**), issue to Hartree (or its nominee) such number of Shares, for nil consideration, as would result in Hartree having a voting power in the Company of 30% following completion of the Shortfall Raising (**Hartree Shortfall Shares**); or
- (b) if the Company does not complete a Shortfall Raising on or before the Hartree Top-up Date, issue to Hartree (or its nominee) such number of Shares as would result in the cash backing of Shares held by Hartree or its nominee being equal to the cash backing had the Outstanding Amount been repatriated (**Hartree Top-up Shares**).

As the Minimum Subscription under the Offer is greater than the Outstanding Amount Shortfall, the Offer will operate as a Shortfall Raising for the purposes of the Implementation Agreement. Refer to Section 5.9.1 for an analysis with respect to the number of Hartree Shortfall Shares or Hartree Top-up Shares that may be issued on the Hartree Top-up Date.

The Company also has an obligation under the Implementation Agreement to use best endeavours to ensure that Hartree is offered the ability to participate in any future issues of Securities under an equity capital raising to enable Hartree to retain its voting power in the Company as it was immediately prior to the issue of the Securities. To the extent that Hartree's voting power in the Company following the issue of Hartree Shortfall Shares or Hartree Top-up Shares is below 30%, Hartree may participate in the Offer to retain a 30% voting power following completion of the Offer and, to the extent it does so, Shares will be issued to Hartree on the same terms as all other investors under the Offer.

The Company obtained Shareholder approval for the issue of all Shares contemplated above to Hartree (or its nominee) at the General Meeting held on 29 June 2022.

5.7.2 Issue of Liquidator Shares

In accordance with the DOCA, the Company issued 19,841,270 Shares to the Liquidators on 5 July 2022 at a deemed issue price of \$0.63 per Share for an aggregate value of \$12,500,000 (**Liquidator Effectuation Shares**).

On the date that is 30 trading days after the date upon which the Company is reinstated to trading on ASX (**Liquidator Top-up Date**), the Company will issue to the Liquidators such number of Shares (**Liquidator Top-up Shares**) as would result in the Shares issued to the Liquidators under the DOCA having a value of \$12,500,000 at a deemed issue price equal to the volume weighted average price of Shares over the five trading days prior to the Liquidator Top-up Date (**Liquidator Top-up Price**).

The Company may (at its election) satisfy any shortfall in the value of the Liquidator Effectuation Shares through:

- (a) the issue of Liquidator Top-up Shares;
- (b) the payment of cash to the Liquidators in an amount equal to the value of the Liquidator Top-up Shares; or
- (c) through a combination of cash and Shares.

At the General Meeting, the Company obtained Shareholder approval for the issue of up to 63,492,063 Liquidator Top-up Shares to the Liquidators. To the extent that there remains a shortfall in the value of Shares issued to the Liquidators under the DOCA following the issue of Liquidator Top-up Shares, the Company will satisfy such shortfall by way of a cash payment to the Liquidators on the Liquidator Top-up Date.

Funds received by the Liquidators on sale of the Liquidator Effectuation Shares and the Liquidator Top-up Shares (together, the **Liquidator Shares**) will be applied by the Liquidators to the unsecured creditors of Dundas as follows:

- (a) firstly, in satisfaction of admitted claims of unsecured related creditors of Dundas (the Liquidators have estimated a return of 32.8 cents in the dollar); and
- (b) secondly, if sufficient funds are available to satisfy the claims of unsecured creditors in full, then any surplus funds will be payable to the shareholders of Dundas.

Whether the unsecured creditors' claims are satisfied in full is dependent upon the Liquidators' recoveries in the liquidation of Dundas. The estimated recoveries is unknown at this time.

Under the DOCA, any sale of Shares by the Liquidators must be completed within 12 months following the Company's re-instatement to trading (subject to any ASX imposed escrow) and undertaken in cooperation with the Company (acting reasonably) and its broker to avoid price impact from the sale of a large number of Shares on market. A broker has not been engaged with respect to a sale of Shares by the Liquidators. However, it is anticipated that a broker will be engaged to manage this process following reinstatement of the Company to trading (if this occurs) and that the Shares will be sold off-market or by way of special crossing.

5.8 Substantial Shareholders as at the date of the Prospectus

Those Shareholders holding 5% or more of the Shares on issue as at the date of this Prospectus are set out in the table below.

Shareholder	Shares	Percentage
Hartree SARL ¹	91,973,769	30.46%
Perilya Limited ²	31,971,721	10.59%
Yandal Investments Pty Limited	20,308,225	6.73%
Liquidators	19,841,270	6.57%

Notes:

1. Stephen Hendel is the nominated representative of Hartree in accordance with the terms of the Implementation Agreement, the material terms of which are summarised in Section 9.2.1.
2. Paul Arndt was appointed as Executive General Manager of Operations and Development of Perilya Limited (**Perilya**) in January 2008 and subsequently appointed to the joint roles of Managing Director and Chief Executive Officer of Perilya on 25 November 2008. Mr Arndt ceased to be the Managing Director and Chief Executive Officer of Perilya on 8 July 2022. Mr Arndt is the nominated representative of Perilya in accordance with the terms of the Historic Subscription Agreement, the material terms of which are summarised in Section 9.4.2.

5.9 Substantial Shareholders post-Offers

5.9.1 Relevant Interest of Hartree

Hartree Shortfall Shares

In the event that there is an Outstanding Amount Shortfall on the Balance Date and the Company completes the Offer on or before the Hartree Top-up Date,

the Offer will operate as a Shortfall Raising for the purposes of the Implementation Agreement and, on both a Minimum Subscription and Maximum Subscription, will be for an amount greater than any Outstanding Amount Shortfall. Should none of the Outstanding Amount Shortfall be repatriated, the Company will be required to issue 10,403,143 Hartree Shortfall Shares to Hartree on the date the Offer is completed.

An analysis with respect to the number of Hartree Shortfall Shares that could be issued on completion of the Offers is set out below:

Outstanding Amount Shortfall (US\$) ¹	Outstanding Amount Shortfall (A\$) ¹	Value of Hartree Shortfall Shares to be issued (A\$) ²	Hartree Shortfall Shares to be issued ²	Total Hartree Shares ³	Total Shares ⁴	Hartree Voting Power ⁴
\$12,137,000	\$16,991,800	\$7,282,200	10,403,143	102,376,912	353,995,864	28.92%
\$9,102,750	\$12,743,850	\$5,461,650	7,802,357	99,776,126	351,395,078	28.39%
\$6,068,500	\$8,495,900	\$3,641,100	5,201,571	97,175,340	348,794,292	27.86%
\$3,034,250	\$4,247,950	\$1,820,550	2,600,786	94,574,555	346,193,507	27.32%
\$1,937,000	\$2,711,800	\$1,162,200	1,660,286	93,634,055	345,253,007	27.12%
\$0	\$0	-	-	91,973,769	343,592,721	26.77%

Notes:

1. A\$ value converted at US\$:A\$1.4. As at the date of this Prospectus, the Outstanding Amount Shortfall is US\$12,137,000, being A\$16,991,800. While the Company has entered into the BMR Sale Agreement, it remains uncertain how much of the Outstanding Amount Shortfall will be repatriated prior to the Hartree Top-up Date. The maximum amount of funds that the Company can repatriate under the BMR Sale Agreement is US\$10,200,000, which would result in the Outstanding Amount Shortfall being US\$1,937,000.
2. Refer to Section 5.7.1 for the terms on which Hartree Shortfall Shares will be issued and Section 9.2.1 for a summary of the material terms and conditions of the Implementation Agreement.
3. Being the Hartree Effectuation Shares (which were issued on 5 July 2022) and the Hartree Shortfall Shares to be issued.
4. This assumes that the Company raises the Minimum Subscription, the Additional Acquisition is completed and that no Shares are issued to Hartree under the Offer or on conversion of existing Performance Rights or Options.

As set out in the summary of the Implementation Agreement in Section 9.2.1, the Company has an obligation to use best endeavours to permit Hartree to participate in any future issues of Shares to enable Hartree to retain its voting power in the Company as it was immediately prior to the issue of Shares. As such, Hartree may participate in the Offer to retain a 30% voting power on completion of the Offer and, to the extent it does so, Shares will be issued to Hartree on the same terms as all other investors.

Hartree Top-up Shares

In the event that there is an Outstanding Amount Shortfall on the Balance Date and the Company does not complete the Offer on or before the Hartree Top-up Date, the Company will be required to issue the Hartree Top-up Shares to Hartree (or its nominee).

An analysis with respect to the number of Hartree Top-up Shares that the Company could become obligated to issue is set out below:

Outstanding Amount Shortfall (US\$) ¹	Outstanding Amount Shortfall (A\$) ¹	Shortfall Ratio ²	Hartree Top-up Shares to be issued ²	Total Hartree Shares ³	Total Shares ⁴	Hartree Voting Power ⁴
\$12,137,000	\$16,991,800	34%	47,300,239	139,274,008	349,226,293	39.88%
\$9,102,750	\$12,743,850	25%	31,433,745	123,407,514	333,359,799	37.02%
\$6,068,500	\$9,251,900	17%	18,812,640	110,786,409	320,738,694	34.54%
\$3,034,250	\$4,247,950	8%	8,533,576	100,507,345	310,459,630	32.37%
\$1,937,000	\$2,711,800	5%	5,270,804	97,244,573	307,196,858	31.66%
\$0	\$0	0%	0	91,973,769	301,926,054	30.46%

Notes:

1. A\$ value converted at US\$1:A\$1.4. As at the date of this Prospectus, the Outstanding Amount Shortfall is US\$12,137,000, being A\$16,991,800. While the Company has entered into the BMR Sale Agreement, it remains uncertain how much of the Outstanding Amount Shortfall will be repatriated prior to the Hartree Top-up Date. The maximum amount of funds that the Company can repatriate under the BMR Sale Agreement is US\$10,200,000, which would result in the Outstanding Amount Shortfall being US\$1,937,000.
2. Being the Outstanding Amount Shortfall divided by US\$35,737,000 (the agreed cash base of the Company). Refer to Section 5.7.1 for the terms on which Hartree Top-up Shares will be issued and Section 9.2.1 for a summary of the material terms and conditions of the Implementation Agreement.
3. Being the Hartree Effectuation Shares (which were issued on 5 July 2022) and Hartree Top-up Shares to be issued.
4. This assumes that the Company does not complete a capital raising or the Additional Acquisition and the Performance Rights and Options currently on issue are not converted or exercised into Shares. In the event that the Company completes a capital raising on or before the Hartree Top-up Date, the Company will issue Hartree Shortfall Shares to Hartree, and the Outstanding Amount Shortfall will be reduced by a corresponding amount. Should this occur, the Company will issue a lesser number of Hartree Top-up Shares, or no Hartree Top-up Shares in the event the Outstanding Amount Shortfall is reduced to nil.

5.9.2 Relevant Interest of the Liquidators

In the event the Company raises the Minimum Subscription and its Shares are reinstated to trading on the ASX, the Company may be required to issue Liquidator Shortfall Shares to the Liquidators if the Liquidator Top-up Price is less than \$0.63.

An analysis with respect to the number of Liquidator Top-up Shares that could potentially be issued to the Liquidators is set out below:

Adjustment Price ¹	Liquidator Top-up Shares ²	Total Liquidator Shares ³	Total Shares ⁴	Liquidators' Voting Power ⁴
\$0.15	63,492,063	83,333,333	407,084,784	20.47%
\$0.17	53,688,142	73,529,412	397,280,863	18.51%
\$0.20	42,658,730	62,500,000	386,251,451	16.18%
\$0.30	21,825,397	41,666,667	365,418,118	11.40%
\$0.40	11,408,730	31,250,000	355,001,451	8.80%
\$0.50	5,158,730	25,000,000	348,751,451	7.17%
\$0.60	992,063	20,833,333	344,584,784	6.05%
\$0.63	-	19,841,270	343,592,721	5.77%

Notes:

1. The volume weighted average price of Shares over the 5 trading days prior to the Liquidator Top-up Date.
2. Refer to Section 5.7.2 for the terms on which Liquidator Top-up Shares will be issued. In the event the Liquidator Top-up Price is less than \$0.15, the Company will pay any shortfall in the value of the Liquidator Shares to the Liquidators in cash.
3. Being the Liquidator Effectuation Shares, which were issued on 5 July 2022 and the Liquidator Top-up Shares to be issued.
4. This assumes that no Hartree Shortfall Shares or Hartree Top-up Shares are issued, the Company raises the Minimum Subscription, the Additional Acquisition is completed and no other Shares are issued prior to the Liquidator Top-up Date including on exercise of Options or conversion of Performance Rights.

5.9.3 Relevant Interest of Other Shareholders

Based on information known to the Company as at the date of this Prospectus, following completion of the issue of Shares under the Offers (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer), the following existing Shareholders (together with their associates) will have a relevant interest in 5% or more of the Shares on issue:

Shareholder	Shares	Percentage	
		Minimum Subscription	Maximum Subscription
Perilya Limited ¹	31,971,721	9.31%	7.70%
Yandal Investments Pty Limited	20,308,225	5.91%	4.89%

Notes:

1. This table assumes that the Additional Acquisition is completed, no Hartree Shortfall Shares, Hartree Top-up Shares or Liquidator Top-Up Shares are issued and the Company raises either Minimum Subscription or the Maximum Subscription.
2. This table does not include the potential relevant interest of Hartree or the Liquidators which is summarised above.

The Company will announce to the ASX details of its top-20 Shareholders following completion of the Offers prior to the Shares recommencing trading on ASX.

5.10 Restricted Securities

Subject to the Company being re-admitted to the Official List and completing the Offers, certain Shares (including the Shares held by and to be issued to Hartree and the Liquidators, and the Shares to be issued under the Additional Acquisition) may be classified by ASX as restricted securities and may be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Shares are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of Shares in a timely manner.

None of the Shares issued under the Offer will be subject to escrow.

The Company will make submissions to ASX with respect to the application of ASX imposed escrow following lodgement of the Prospectus and expects to announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Company's listed securities being

reinstated to trading on ASX (which reinstatement is subject to ASX's discretion and approval).

The Company's 'free float' (being the percentage of Shares not subject to escrow and held by Shareholders that are not related parties of the Company (or their associates) at the time of reinstatement) will be approximately 62.34% at Minimum Subscription comprising all Shares currently on issue and all Shares offered under the Offer other than Shares that may be subject to escrow and Shares held by Directors.

5.11 Dividend policy

Payment of dividends by the Company is at the discretion of the Board. Given the stage of development of the Company, the Board anticipates that significant expenditure will be incurred in the development of the Project. These activities, together with the possible acquisition of interests in other projects, are expected to dominate at least, the first six-month period following the Company's Shares being reinstated to trading. Accordingly, the Directors have no current intention to declare and pay a dividend and no dividends are expected to be paid during the foreseeable future following the Company's reinstatement to trading.

In determining whether to declare future dividends, the Directors will consider the level of earnings of the Company, the operating results and overall financial condition of the Company, future capital requirements, capital management initiatives, general business outlook and other factors the Directors may consider relevant at the time of their decision.

The Directors cannot and do not provide any assurances in relation to the future payment of dividends or the level of franking credits attaching to dividends.

5.12 Additional Information

Prospective investors are referred to and encouraged to read in its entirety the:

- (a) the Independent Technical Assessment Report in Annexure A for further details about the geology, location and mineral potential of the Tenements;
- (b) the Solicitor's Report on Tenements in Annexure B for further details in respect to the Company's interests in the Tenements; and
- (c) the Independent Limited Assurance Report in Annexure C for further details on the Company's financials.

6. FINANCIAL INFORMATION

6.1 Introduction

The financial information set out in this Section includes the following:

- (a) summary historical statement of profit and loss and other comprehensive income for the Company for the years ended 30 June 2020 and 30 June 2021 (**FY20** and **FY21**) and the six months ended 31 December 2021 (**HY22**);
- (b) summary historical statements of cash flows for the Company for FY20, FY21 and HY22; and
- (c) the statement of financial position of the Company at 30 June 2020, 30 June 2021, 31 December 2020 and 31 December 2021,

(together, the **Historical Financial Information**); and
- (d) the pro forma statement of financial position of the Company at 31 December 2021 and supporting notes, which includes the pro forma transactions, subsequent events, consolidation adjustments and capital raising (the **Pro Forma Financial Information**).

All amounts disclosed in the tables in this Section are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest thousand dollars. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any discrepancies between totals and sum of components in figures contained in this Prospectus are due to rounding.

The Historical and Pro Forma Financial Information should be read together with the other information contained in this Prospectus, including:

- (a) management's discussion & analysis set out in this Section;
- (b) the risk factors described in Section 7;
- (c) the Independent Limited Assurance Report on the Historical and Pro Forma Financial Information set out in Annexure C of the Prospectus; and
- (d) the other information contained in this Prospectus.

Investors should also note that historical results are not a guarantee of future performance.

6.2 Basis of preparation of the Historical and Pro Forma Financial Information

6.2.1 Background

The Historical and Pro Forma Financial Information included in this Section has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (**IFRS**), issued by the International Accounting Standards Board (**IASB**). The Directors are not aware of any reconciliatory differences between the application of IFRS and the

Australian equivalents to International Financial Reporting Standards (**AIFRS**) which require disclosure within this financial information Section.

The Historical and Pro Forma Financial Information is presented in an abbreviated form insofar as it does not include all the presentation, disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act. Significant accounting policies applied to the Historical and Pro Forma Financial Information are noted at the end of this Section under the heading 'Significant Accounting Policies'. The accounting policies of the Company have been consistently applied throughout the periods presented.

The general purpose financial statements of the Company will be prepared in accordance with the Corporations Act, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with IFRS as issued by the International Accounting Standards Board.

6.2.2 Basis of preparation of the Historical and Pro Forma Financial Information

The Historical Financial Information has been extracted from the audited FY20 and FY21 and reviewed H1FY22 financial statements of the Company.

The Company's historical financial performance has been audited by Grant Thornton Audit Pty Ltd for the period 1 July 2019 to 30 June 2021 and reviewed for the six months to 31 December 2021. An unqualified audit opinion was issued for the 30 June 2021 audit, and an unqualified review conclusion was issued for the 31 December 2021 review.

Previously known as Myanmar Metals Limited, the Company changed its name in September 2021. Prior to changing its name to Mallee Resources Limited, the Company was focused on the development of mining and processing operations at the Bawdwin Project in Myanmar. In response to the political situation in Myanmar, and its potential impact on the Bawdwin Project, the Company entered into voluntary suspension on 3 February 2021. In August 2021 a binding agreement was entered into with the Company's local joint venture partner, Win Myint Mo Industries Co. Ltd, whereby the Company agreed to dispose of its entire interest in the Bawdwin Project.

The Company acquired 100% of the issued capital in Allegiance via the DOCA on 6 July 2022. Allegiance is the owner of the Avebury Nickel Project, located on the West Coast of Tasmania, Australia.

In relation to historical financial information for Allegiance, it is noted that on 26 November 2021, Hartree appointed the Receivers to Allegiance. Subsequently, on 30 November 2021, the directors of Allegiance appointed the Administrators. Following appointment of the Receivers, the powers of Allegiance's officers was suspended, and the Receivers assumed control of Allegiance's business, property and affairs. The Receivers and Administrators have attempted to obtain financial records of Allegiance from the former directors and advisors to Allegiance. No reliable financial information has been provided in respect of Allegiance. As a result of the above, the Company's auditors have not been able to prepare audited historical financial information in respect of Allegiance for inclusion in this Prospectus. Consequently, this Prospectus does not include historical financial information for Allegiance.

In order to prepare the pro-forma balance sheet of the Company following completion by the Company of its acquisition of Allegiance, the Company has disclosed:

- (a) the fair value of the assets of Allegiance, based on independent valuations undertaken in connection with the Acquisition; and
- (b) the liabilities assumed and carried forward following effectuation of the DOCA.

The Directors are responsible for the inclusion of all financial information in this Prospectus. Investors should note that historical financial performance is not a guide for future financial performance.

The Historical and Pro Forma Financial Information has been reviewed by Grant Thornton Corporate Finance Pty Ltd, whose Independent Limited Assurance Report is contained in Appendix C of this Prospectus. Investors should note the scope and limitations of that report. The information in this Section should also be read in conjunction with the risk factors set out in Section 7 and other information contained in this Prospectus.

All amounts disclosed in this Section are presented in Australian Dollars unless otherwise noted. The financial information in this Section includes certain measures for assessing the financial performance and position of the business, which are not recognised under Australian Accounting Standards. Such measures are referred to as **non-IFRS financial measures**.

Non-IFRS financial measures are not a substitute for measures calculated in accordance with Australian Accounting Standards, but rather are intended to provide further information for potential investors. As the non-IFRS financial measures have no defined meaning under recognised accounting standards, the way in which they have been calculated in this Prospectus has been detailed below. As there is no standardised measure of non-IFRS information, potential investors should take care in comparing non-IFRS information between companies as the method of calculation may not be the same.

6.3 Historical statement of profit or loss and other comprehensive income

The table below presents the summarised historical statement of profit or loss and other comprehensive income for FY20, FY21 and HY22.

\$'000	Audited FY20	Audited FY21	Reviewed HY22	HY Comparative Reviewed HY21
Corporate and administration expenses	(3,473)	(2,677)	(1,552)	(1,305)
Exploration and evaluation expenses	(890)	(1,747)	-	(263)
Total operating expenses	(4,363)	(4,424)	(1,552)	(1,568)
EBITDA	(4,363)	(4,424)	(1,552)	(1,568)
Other income	18	-	-	-
Net foreign exchange (loss)/gain	(19)	(108)	1,050	(249)
EBIT	(4,364)	(4,533)	(502)	(1,816)

\$'000	Audited FY20	Audited FY21	Reviewed HY22	HY Comparative Reviewed HY21
Net interest	176	18	10	169
Profit/(Loss) before income tax expense	(4,188)	(4,514)	(492)	(1,647)
Income tax expense	-	-	-	-
Profit/(Loss) after income tax expense	(4,188)	(4,514)	(492)	(1,647)
Profit/(Loss) after income tax expense from discontinued operations	(9,418)	(4,123)	19,948	(2,920)
Profit/(Loss) after income tax expense for the year	(13,607)	(8,637)	19,456	(4,567)
Exchange differences arising on translation of foreign operations	57	(241)	(5,498)	(77)
Total comprehensive profit/(loss) for the year	(13,549)	(8,877)	13,959	(4,645)

Below is a discussion of the main factors which affected the operations and relative financial performance in FY20, FY21 and HY22 of the Company. The discussion of these general factors is intended to provide a summary only and does not detail all factors that affected the company's historical operating and financial performance, nor everything which may affect operations and financial performance in the future.

Revenue: Prior to the disposal of the Bawdwin Project, the Company's principal activity was mineral exploration and evaluation. The Company was carrying out advanced project feasibility studies on the Bawdwin Project. As a result, no revenue has been generated.

Corporate and administration expenses: For HY22, these relate predominantly to Directors' remuneration, corporate overheads and due diligence expenditure incurred in relation to seeking new projects. Prior to this, corporate and administration expenses related to Director remuneration and corporate overheads not directly attributable to the Bawdwin Project including rent, insurance and ASX fees.

Exploration and evaluation expenses: Expenses incurred relate to the exploration and evaluation of mineral resources. For FY20 and FY21 this relates to expenditure incurred for the Bawdwin Project. The Company's policy was to expense exploration and evaluation expenditure incurred prior to the Bawdwin Project's construction and beginning production.

Profit/(loss) from discontinued operations: The losses from discontinued operations in FY20 and FY21 relate to the divestment of the Company's interest in the Bawdwin Project. In line with accounting standards, the revenue and expenses from discontinued operations are eliminated from the continuing operations in the profit and loss statement and reported separately. The profit recorded in HY22 comprises a \$2.5 million loss from discontinued operations and a \$22.9 million gain arising on disposal of interest in the Bawdwin Project.

6.4 Historical statement of cash flows

The table below presents the summarised historical statement of cash flows for FY20, FY21 and HY22.

\$'000	Audited FY20	Audited FY21	Reviewed HY22	HY Comparative Reviewed HY21
Cash flow from operating activities				
Payments to suppliers and employees (inc of GST)	(16,890)	(8,425)	(2,220)	(3,945)
Interest received	176	29	4	23
Interest and other finance costs paid	-	-	-	0
Net cash used in operating activities	(16,714)	(8,396)	(2,216)	(3,922)
Cash flow from investing activities				
Payments for property, plant and equipment	(49)	(2)	0	(0)
Proceeds from disposal of PPE	0	-	1	-
Cash received from sale of JV interest	-	-	26,140	-
Payments to acquire exploration assets	(37)	(206)	-	(206)
Net cash from/(used in) investing activities	(85)	(207)	26,141	(206)
Cash flow from financing activities				
Proceeds from issue of equity securities	4,956	9,910	0	9,910
Equity securities issue transaction costs	(4)	(420)	0	(413)
Lease repayments	(72)	(84)	(43)	(46)
Net cash from/(used in) financing activities	4,881	9,406	(43)	9,451
Net increase/(decrease) in cash	(11,918)	802	23,882	5,323
Cash at the beginning of the year	22,881	11,116	11,426	11,116
Effects of exchange rate changes on cash and cash equivalents	154	(492)	681	(481)
Cash at the end of the year	11,116	11,426	35,989	15,959

Operating cash flows: There has been a net operating cash outflow for each period due to the Company being in the exploration and evaluation phase, this includes expenditure relating to feasibility studies in Bawdwin and corporate overheads. In HY22, due diligence for potential new projects was incurred.

Investing cash flows: The Company disposed of its interest in the Bawdwin Project during HY22 and all funds were received in 2021 and 2022.

Financing cash flows: The Company raised \$9.9 million in FY21 by way of placement of Shares and a Share purchase plan. The \$5.0 million proceeds received in FY20 related to exercise of 165,207,011 Options.

6.5 Pro-Forma Historical Statement of Financial Position

The table below sets out the audited historical statement of financial position of the Company, the pro forma adjustments that have been made to it (further described in Section 6.6) and the pro forma consolidated statement of financial position as at 31 December 2021.

The pro forma statement of financial position is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company's view of its future financial position.

\$'000	Statutory 31-Dec- 2021	Minimum subscription		Maximum subscription		
		Proforma Adjustments	Proforma	Proforma Adjustments	Proforma	
Current assets						
Cash and cash equivalents	35,989	(15,919)	20,070	31,057	67,046	
Trade and other receivables	13,781	531	14,311	531	14,311	
Total current assets	49,769	(15,388)	34,381	31,588	81,357	
Non current assets						
Exploration, evaluation and development assets	-	105,500	105,500	105,500	105,500	
Plant and equipment	8	21,639	21,646	21,639	21,646	
Right of use assets	143	-	143	-	143	
Environmental bond	-	7,900	7,900	7,900	7,900	
Rehabilitation asset	-	10,480	10,480	10,480	10,480	
Total non current assets	151	145,519	145,669	145,519	145,669	
Total assets	49,920	130,130	180,051	177,106	227,027	
Current liabilities						
Trade and other payables	(151)	(6,986)	(7,137)	(6,986)	(7,137)	
Lease liabilities	(52)	-	(52)	-	(52)	
Provisions	(155)	-	(155)	-	(155)	
Total current liabilities	(358)	(6,986)	(7,344)	(6,986)	(7,344)	
Non current assets						
Borrowings	-	(29,721)	(29,721)	(29,721)	(29,721)	
Provisions	-	(10,480)	(10,480)	(10,480)	(10,480)	
Lease liabilities	(99)	-	(99)	-	(99)	
Total non current liabilities	(99)	(40,201)	(40,301)	(40,201)	(40,301)	
Total liabilities	(457)	(47,188)	(47,645)	(47,188)	(47,645)	
Net assets	49,463	82,943	132,405	129,919	179,381	
Shareholder's equity						

\$'000	Statutory 31-Dec- 2021	Minimum subscription		Maximum subscription	
		Proforma Adjustments	Proforma	Proforma Adjustments	Proforma
Issued capital	102,321	75,398	177,719	122,360	224,680
Other contributed equity	777	-	777	-	777
Reserves	(3,478)	1,185	(2,293)	1,185	(2,293)
Accumulated losses	(50,157)	6,359	(43,798)	6,373	(43,783)
Total shareholder's equity	49,463	82,946	132,405	129,919	179,381

6.6 Pro Forma Transactions

The following transactions contemplated in this Prospectus which are to take place on or before the completion of the Offer, referred to as the subsequent events and pro forma adjustments, are presented as if they, together with the Offer, had occurred subsequent to 31 December 2021 and are set out below.

With the exception of the subsequent events and pro forma transactions noted below no other material transactions have occurred between 31 December 2021 and the date of this Prospectus which the Directors consider require disclosure.

Subsequent Events:

- (a) **Acquisition of Allegiance:** The Company acquired all issued share capital of Allegiance. As there are insufficient financial records available for Allegiance, the values adopted are based on the property, equipment and mine valuations, carried out by valuation specialists.

	\$'000
Exploration, evaluation and development assets	101,000
Property, plant and equipment	20,639
Rehabilitation asset	10,480
Environmental bond	7,900
Total assets	140,019
Liabilities to be retained or discharged	(1,100)
Provision for mining rehabilitation	(10,480)
Total liabilities	(11,580)
Net assets	128,439

Consideration for the acquisition of Allegiance was made up of the following:

- (i) the Company drew down on a US\$20 million (\$29.4 million) debt facility and a US\$10 million (\$14.7 million) bridging loan made available by Hartree under the Subscription Agreements (see Section 9.1.2);
- (ii) the Company made payments under the DOCA, which required net payments to Hartree totalling US\$10.0 million (\$14.8 million)

(after offsetting the above finance facility) and \$2.3 million (for costs associated with the transaction);

- (iii) the Company issued 91,973,769 Shares to Hartree's nominee, Hartree Metals Investments SARL, at a deemed issue price of \$0.42 per Share, with respect to satisfaction of a \$38.6 million claim regarding the former offtake agreement, between Hartree and Dundas (see Section 5.7.1);
- (iv) the Liquidators of Dundas received \$12.5 million in Shares, being 19,841,269 Shares at a deemed issue price of \$0.63 per Share; and
- (v) contingent consideration of \$5.9 million relating to the Hartree Shortfall Shares (see Section 5.7.1) and Liquidator Top Up Shares (see Section 5.7.2), which amount has been calculated based on the management's estimated probability of the relevant events occurring.

As the total consideration paid was less than the value of assets and liabilities acquired, a \$10.6 million gain on bargain purchase has been recognised.

- (b) **Receipt of Remaining Bawdwin Sale Funds:** The receipt of the \$13.7 million (US\$9.8 million) which had not yet been received at 31 December 2021 relating to the sale of Bawdwin. The funds were received by BMR subsequent to 31 December 2021.
- (c) **Sale of BMR:** In order to repatriate the funds from Myanmar, the Company entered into the BMR Sale Agreement on 21 July 2022, under which BMPL (a wholly owned subsidiary of the Company that holds 100% of the issued capital in BMR) has agreed to sell 100% of the issued capital in BMR in consideration for a cash payment of US\$10.2 million (\$14.3 million). The sale of BMR resulted in loss on disposal totalling \$2.6 million. This has been presented within the Prospectus by reducing cash on hand by \$16.9 million, recognising a \$14.3 million receivable and increasing accumulated losses by \$2.6 million.

Pro Forma Transactions

- (d) **Additional Acquisition:** In May 2022, the Company entered into an agreement with D&B Mining Pty Ltd, Zebs Minerals Pty Ltd, Moina Gold Pty Ltd and Mr Geoffrey Summers (together, the **Vendors**) to acquire exploration licence EL5/2020 (**Tenement**) together with all associated technical information, an underground mine loader and technical information relating to the Avebury Nickel Project and the Tenement. As consideration for this additional acquisition, the Company will issue 13,095,238 Shares to two of the Vendors at an issue price of \$0.42 per Share. The purchase price for other mining information is \$4 to be satisfied by cash payment of \$1 to each Vendor.

Completion of this Additional Acquisition is subject to the satisfaction (or waiver by the Company) of certain conditions precedent, one of which is the reinstatement of the Company to the Official List, on or before 31 August 2022. Completion of the Additional Acquisition will occur two business days after satisfaction of the last condition precedent.

The fair value of the additional assets at acquisition has been adopted as the value in the pro forma balance sheet.

- (e) **The Offer:** Offer of a minimum of 28,571,429 Shares and a maximum of 100,000,000 Shares to be issued at a price of \$0.70 per Share, to raise a minimum of \$20.0 million and a maximum of \$70.0 million (before offer costs).
- (f) **Costs of the Offer:** Total expenses associated with the Offer are estimated to be between \$1.7 million (Minimum Subscription) and \$4.7 million (Maximum Subscription). Those costs which directly relate to the issue of new Shares have been offset against contributed equity while the remainder have been expensed to the profit and loss account.
- (g) **Performance Rights:** There are currently 4,653,175 Performance Rights on issue to Directors and employees valued at \$1.2 million. These are recognised in the accounts over the vesting period. At 31 December 2021, c.\$46,000 has been recognised. These Performance Rights are convertible into Shares in the event the Company has a market capitalisation greater than \$60.0 million on reinstatement to trading, prior to 10 December 2023.
- An adjustment has been made to recognise the vesting of the remaining Performance Rights. These Performance Rights will vest upon satisfaction of the above conditions, however conversion into Shares will only occur at the election of the holder.
- (h) **Bridging Loan Initial Repayment Tranche:** US\$10.0 million (A\$14.0 million) under the Subscription Agreements must be repaid within the earlier of three Business Days following completion of the Offer and 60 days following draw down.

6.7 Reviewed pro forma cash and cash equivalents

The reviewed pro forma cash and cash equivalents has been set out below:

\$'000	Subsequent Event/Pro-Forma Adjustment	Minimum subscription	Maximum subscription
Cash and cash equivalents as at 31 December 2021		35,989	35,989
Acquisition of Allegiance	A	(17,086)	(17,086)
Receipt of remaining Bawdwin sale funds	B	13,749	13,749
Sale of BMR	C	(16,890)	(16,890)
Additional Acquisition	D	(0)	(0)
Capital raising	E	20,000	70,000
Offer costs	F	(1,693)	(4,717)
Repayment of Initial Repayment Tranche	H	(14,000)	(14,000)
Proforma cash and cash equivalents as a 31 December 2021		20,070	67,046

6.8 Issued capital

The reviewed pro forma issued capital has been set out below:

\$'000	Subsequent Event/Pro-Forma Adjustment	Minimum subscription	Maximum subscription
Issued capital as at 31 December 2021		102,321	102,321
Acquisition of Allegiance	A	51,129	51,129
Additional Acquisition	D	5,500	5,500
Capital raising	E	20,000	70,000
Offer costs	F	(1,231)	(4,269)
Proforma issued capital as at 31 December 2021		177,719	224,680

6.8.1 Number of Shares

	Subsequent Event/Pro-Forma Adjustment	Minimum subscription	Maximum subscription
Shares on issue at 31 December 2021		190,111,015	190,111,015
Shares issued to the Liquidators		19,841,270	19,841,270
Shares issued to Hartree		91,973,769	91,973,769
Shares to be issued under the Offer		28,571,429	100,000,000
Shares to be issued under the Additional Acquisition		13,095,238	13,095,238
Pro forma Shares on issue		343,592,721	415,021,292

6.9 Reserves

The reviewed pro forma reserves have been set out below:

\$'000	Subsequent Event/Pro-Forma Adjustment	Minimum subscription	Maximum subscription
Reserves as at 31 December 2021		(3,478)	(3,478)
Performance rights	G	1,185	1,185
Proforma reserves as at 31 December 2021		(2,293)	(2,293)

6.10 Accumulated losses

The reviewed pro forma retained earnings have been set out below:

\$'000	Subsequent Event/Pro-Forma Adjustment	Minimum subscription	Maximum subscription
Accumulated losses as at 31 December 2021		(50,157)	(50,157)
Acquisition of Allegiance	A	10,616	10,616
Sale of BMR	C	(2,610)	(2,610)
Offer costs	F	(462)	(448)
Performance rights	G	(1,185)	(1,185)
Proforma accumulated losses as at 31 December 2021		(43,798)	(43,783)

6.11 Summary of significant accounting policies

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations issued by the Australia Accounting Standards Board (**AASB**) and the Corporations Act 2001. The group made up of the Company and its subsidiaries (**Group**) is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These consolidated general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the AASB and the Corporations Act, as appropriate for for-profit oriented entities.

The Company is a listed public company limited by shares, incorporated in Australia. The financial report is presented in Australian dollars.

(i) Statement of compliance

These financial statements comply with Australian Accounting Standards and International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) Historical cost convention

The financial statements have been prepared on an accrual basis under the historical cost convention unless otherwise stated.

(b) New or Amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The consolidated financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business.

The Directors have prepared a cash flow forecast which indicates that the Company will have sufficient cash to meet minimum operating overheads and committed expenditure requirements for the 12 month period from the date of signing the annual financial report.

(c) **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of the Company and the results of all its subsidiaries.

Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power.

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, is exposed or has rights to variable returns from its involvement and has the ability to use its power to affect the returns of those entities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Intercompany transactions and balances, income and expenses and profits and losses between Group companies, are eliminated.

A change in ownership interest, without the loss of control, is accounted for as an equity transaction. All investments in subsidiaries made by the parent are held at cost.

The Group's interests in joint arrangements, whereby the Group has the right to its share of the assets and obligations for the liabilities of the joint

arrangement is accounted for by recognising the Group's share of assets, liabilities, revenues and expenses.

(d) **Foreign currency translation**

(i) **Functional and presentation currency**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars (\$), which is the Company's functional and presentation currency.

(ii) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

All foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(iii) **Group companies**

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (A) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (B) income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates; and

- (C) all resulting exchange differences are recognised in other comprehensive income

(e) **Assets and Liabilities classified as held for sale**

Assets and liabilities are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For assets and liabilities to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of assets classified as held for sale to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of assets classified as held for sale, but not in excess of any cumulative impairment loss previously recognised.

Assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities classified as held for sale continue to be recognised.

Assets classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

(f) **New Accounting Standards and Interpretations not yet mandatory of early adopted**

The Company has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of new and revised standards and interpretations has had no effect on the amounts reported for prior periods.

There are no new standards and interpretations in issue which are mandatory that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(g) **Other accounting policies**

(i) **Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- (A) when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- (B) receivables and payables, which are stated with the amounts of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

7. RISK FACTORS

7.1 Introduction

The Shares offered under this Prospectus should be considered as highly speculative and an investment in the Company is not risk free.

The future performance of the Company and the value of the Shares may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks that have a direct influence on the Company, and its Projects and activities are set out in Section 3. Those key risks as well as other risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are described below.

The risks factors set out in this Section 7, and other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Shares. This Section 7 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 7, together with all other information contained in this Prospectus.

Before determining whether to invest in the Company you should ensure that you have a sufficient understanding of the risks described in this Section 7 and all of the other information set out in this Prospectus and consider whether an investment in the Company is suitable for you, taking into account your objectives, financial situation and needs.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

7.2 Company specific risks

Risk Category	Risk
Acquisition	<p>The Acquisition was effected by way of the DOCA. As with all deeds of company arrangement, there is a risk that a creditor may dispute that its claim is effectively extinguished by the DOCA, including counterparties under historic agreements that were terminated in connection with the DOCA.</p> <p>As referred to in the Solicitor's Report on Title set out in Annexure B, a farm-in and joint venture agreement has been registered with Mineral Resources Tasmania in respect of certain of the tenements making up the Avebury Nickel Project, which refers to a 2% net smelter return being payable. Based on the limited information available to the Company, the Company does not have sufficient information to confirm that the royalty referenced therein continues to exist. There is a risk that a claim may be made against the Company with respect to the existence of this royalty, which may adversely impact the Company, including in respect of any costs incurred in determining the existence of a royalty or paying any royalty determined to exist.</p>
Due Diligence	<p>The Company conducted due diligence investigations in respect of the Acquisition and has relied upon information provided or disclosed by the Administrators and Receivers in conducting its due diligence. There was a significant deficit of financial information available to review and other information in relation to the Project has been prepared by the Company in</p>

Risk Category	Risk
	<p>reliance on information provided or disclosed by the Administrators and Receivers.</p> <p>As with any due diligence investigation, if any information provided and relied upon by the Company in its due diligence investigations proves to be incorrect, incomplete or misleading, or if the Company was not provided with all relevant information or there were other failings in the due diligence performed by the Company, there is a risk that there could be historical or other issues in relation to the Project or the Acquisition that could affect the success of the Acquisition or otherwise impact on the Company's financial position and performance.</p> <p>Investors should also note that there is no assurance that the due diligence conducted was conclusive, and that all material issues and risks in respect of the Acquisition have been, or will be, identified (including issues that are material to the decision to undertake the Acquisition) and avoided or managed appropriately. A material adverse issue that is not identified prior to undertaking the Acquisition could have an adverse impact on the financial performance or operations of the Company. There is a risk that issues and risks may arise that will also have a material impact on the Company (for example, the Company may later discover liabilities or defects which were not identified through due diligence or for which there is no contractual protection for the Company). This could adversely affect the operations, financial performance or position of the Company.</p> <p>Further, the information reviewed by the Company in conducting its due diligence investigations included forward looking information, which are inherently unreliable and based on assumptions that may change in the future. Therefore, there is a risk that unforeseen issues and risks may arise which may also have a material impact on the Company.</p>
Acquisition Analysis	<p>The Company has undertaken financial, tax, legal and commercial analysis on the Project in order to determine its attractiveness to the Company and whether to acquire it. It is possible that, despite such analysis and the best estimate assumptions made by the Company, the conclusions drawn are inaccurate or that benefits are not realised.</p> <p>Specifically, the Acquisition, and proposed development steps following it, carry risk, including potential delays and unforeseen costs, and difficulties in optimising various operations. To the extent that the actual results achieved by the Acquisition are different to those indicated by the Company's analysis, there is a risk that the profitability and future earnings of the operations of the Company may be materially different from the profitability and earnings expected.</p>
Re-Compliance	<p>The Company's Shares have been suspended from trading since 1 February 2021. ASX has confirmed that the Company will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules before its Shares are reinstated to trading.</p> <p>As the Company's Shares are suspended, there is currently no public market for Shares. There is no guarantee that an active trading market in the Company's Shares will develop or that prices at which Shares trade will increase following completion of the Offer and re-compliance with Chapters 1 and 2 of the ASX Listing Rules.</p> <p>Under the DOCA, the Liquidators must sell the Liquidator Shares within 12 months following the Company's reinstatement to trading on ASX (subject to any ASX imposed escrow) and any sale of Liquidator Shares must be undertaken in cooperation with the Company (acting reasonably) and its brokers to avoid price impact from the sale of a large number of Shares on market. As at the date of this Prospectus, a broker has not yet been engaged with respect to a sale of the Liquidator Shares. However, it is anticipated that a broker will be engaged to manage this process following reinstatement of the Company to trading (if this occurs) and that the broker engaged will facilitate an off-market sale of the Liquidator Shares in order to limit the potential impact of the sale of a large number of Liquidator Shares on-market. If the Company is unable to engage a broker for this process, or the broker engaged is not able to identify an appropriate buyer, there is a</p>

Risk Category	Risk
	<p>risk that a sale of the Liquidator Shares will result in downward pressure to the Company's Share price.</p> <p>The prices at which Shares trade may be above or below the Offer Price and may fluctuate in response to several factors.</p>
Divestment of Bawdwin Project Interest and BMR	<p>BMR retains US\$12,061,544 in Myanmar as a result of the divestment of its interests in the Bawdwin Project. CBM has issued a public notice in respect of the conversion of foreign currency balances into local currency and the requirement for approval of the transfer of foreign currency overseas by a new Foreign Exchange Management Committee at a ministerial level.</p> <p>The Company has been advised that the processing of foreign currency transfers has been suspended and that it is likely further and potentially extensive delays would result from this uncertainty within the foreign exchange environment in Myanmar.</p> <p>In order to facilitate a timely repatriation of funds from its former investment in Myanmar, the Company entered into the BMR Sale Agreement, under which the Company's wholly owned subsidiary, BMPL, will receive an aggregate sum of US\$10,200,000 in consideration for 100% of the issued capital in BMR. While the BMR Sale Agreement provides various protections to BMPL, including by way of a share pledge as security for the counterparty's obligations thereunder, there remains a risk that BMPL does not receive the purchase consideration within the period required under the BMR Sale Agreement, or at all.</p> <p>Should the counterparty under the BMR Sale Agreement default in respect of its payment obligations, there is a risk that the shares pledged to BMPL will not have sufficient value to enable the Company to recover any shortfall in the purchase consideration or that the Company is required to seek to enforce the BMR Sale Agreement against the counterparty.</p> <p>In the event of a delay in receipt of the purchase consideration or the Company being unable to recover all or part of the purchase consideration, the Company's budgeted development program will be adversely impacted and the Company will need to seek other financial accommodation to fund its development program. The Minimum Subscription scenario assumes these funds are received in tranches prior to the deadlines set out in the BMR Sale Agreement. In the event settlement of this transaction with MAI is materially delayed, or full cash proceeds are not ultimately received by the Company, the Company's budget requires additional funding to be raised in order to achieve the planned restart for Avebury mine and recommencement of product sales. There is no certainty that such financial accommodation will be available on terms acceptable to the Company. Further details in respect of the BMR Sale Agreement are set out in Section 9.4.1.</p> <p>In addition, a non-government organisation, Publish What You Pay, filed a complaint with the Organisation for Economic Co-operation and Development (OECD) in late-2021 claiming that the Company irresponsibly disengaged from Myanmar by selling its interest in the Bawdwin Project. The Company disputes the claims made against it. The National Contact Point (NCP) for OECD is undertaking an initial assessment, which will be completed in due course and the Company will be invited to conference via the facility of NCP's 'good offices'. This facility seeks to facilitate access to consensual and non-adversarial procedures. No decisions of the NCP are binding or have any judicial power.</p>
Control	<p>In accordance with the terms of the Implementation Agreement, the Company may be required to issue Hartree (or its nominee) additional Shares. As set out in Sections 5.7.1 and 5.9, as a result of the potential issues of Shares, Hartree's voting power in the Company could be as high as 39.88% (after the issue of Hartree Shares, assuming the Company does not complete a capital raising or the Additional Acquisition and the Performance Rights and Options currently on issue are not converted or exercised). Hartree's voting power in the Company is currently 30.46%. This significant interest means that Hartree is in a position to potentially influence the election of directors and the financial decisions of the Company, and its interests may not align with those of all other Shareholders. Further details in respect of</p>

Risk Category	Risk
	<p>Hartree's interest in the Company both as at the date of this Prospectus and in the event that additional Shares are issued are set out in Sections 5.8 and 5.9.</p> <p>Whilst Hartree holds a relevant interest in more than 25% of the Company, it will have the ability to prevent a special resolution from being passed by the Company (such resolution requiring at least 75% of the votes cast by members entitled to vote on the resolution). Special resolutions are required in relation to approve certain matters including potentially seeking the delisting of the Company, amending the Constitution, approving the voluntary winding up of the company and, if at any time the share capital of the Company is divided into different classes of Shares, approving the variation of the rights attached to any such class.</p> <p>In addition, in accordance with the terms of the Implementation Agreement, for so long as Hartree holds a relevant interest in the Company of at least 15%, Hartree will have a right to nominate one representative for appointment to the board of the Company, subject to such nominee being a person of good fame and character and having appropriate qualifications, experience and expertise.</p>
Care and Maintenance	<p>There is no guarantee that the Company will achieve commercial viability through the Project. The Company's future development activities may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the Company's control.</p> <p>The Company's success may also depend upon (amongst other things) the Company having access to sufficient development capital, being able to maintain title to its tenements, obtaining all required approvals for its activities and recruiting appropriately skilled personnel. Many of these risks are also beyond the control of the Company.</p> <p>The Company's estimated development costs are based on certain assumptions with respect to the method and timing of development. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.</p>
Mine Re-start	<p>Following completion of the Acquisition, the Company has taken ownership of the Project after the Project has been in care and maintenance for several years.</p> <p>All the risks associated with developing and operating a mine operation are applicable during a production-ramp up and re-start phase. Additionally, the production ramp-up and re-start process may uncover failures or deficiencies in processes, systems, plant and equipment required for the Project, and addressing such failures or deficiencies may result in the Company incurring unexpected costs and production-ramp up delays. Any prolonged outage or shutdown due to technical problems or otherwise could substantially increase production costs or adversely impact the Company's financial performance.</p>
Mineral Resource Estimates	<p>Mineral Resource estimates have been reported in accordance with the JORC Code, 2012 Edition, and are expressions of judgements based on knowledge, experience and industry practice. Estimates that are valid when made may change significantly when new information becomes available through drilling, sampling and other similar examinations. In addition, JORC compliant Mineral Resource estimates are necessarily imprecise and depend to some extent on geological interpretations, as well as various economic, commercial, technical, environmental and legal assumptions which may prove to be inaccurate or invalid due to the passage of time. Should the Company encounter mineralisation or formations different from those predicted, Mineral Resource estimates may have to be adjusted and</p>

Risk Category	Risk
	mining plans may have to be altered in a way which could adversely affect the Company's operations.
Metallurgy	<p>Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as identifying a metallurgical process through test work to produce a saleable product, developing an economic process route to produce a saleable product, and changes in mineralogy in the ore deposit can result in inconsistent ore grades and recovery rates affecting the economic viability of the project.</p> <p>Mineralisation at the Project contains arsenic and other deleterious elements. Under the Offtake Agreement, the sale price of product produced at the Project may be discounted if high levels of arsenic or other deleterious elements are contained in product delivered to Hartree and can be rejected entirely if certain thresholds are met. As such, there is a risk that the sale price of product will be less than has been assumed in the Company's internal financial models, which would have an adverse impact on the Company.</p>
Contractual Risk	<p>Subsidiaries of the Company are party to the Offtake Agreement, Hedging Agreement, Subscription Agreements and associated Security Documents. In the event of breach of any of those agreements, there is a risk that the Company could suffer financial loss as a result of a claim for damages or termination of the relevant contract.</p> <p>In the event of termination of the Offtake Agreement, the Company will need to seek alternative offtake arrangements and the Company cannot guarantee that an appropriate offtake partner will be identified or that the terms of any alternative offtake agreement will be on terms as beneficial to the Company as the Offtake Agreement.</p> <p>In the event of termination of the Subscription Agreements, the Company will be required to repay all amounts owing to Hartree as at the date of termination. Should this occur, the Company may be required to raise significant capital for the purpose of repaying the Subscription Agreements. The Company cannot guarantee that sufficient funding for repayment of the Subscription Agreements will be available on acceptable terms, or at all. Any equity capital raising for the purpose of repaying the Subscription Agreements is likely to be highly dilutive and any debt financing is likely to impose significant restrictions on the Company.</p> <p>Hartree has a right under the Hedging Agreement to hedge up to 30% of the Product to be delivered to it under the Offtake Agreement and costs incurred in respect of such hedging activities will be to the account of Mallee Tas and be treated as secured money under the Subscription Agreements. The Company may therefore suffer additional costs and expenses in the event of adverse nickel price movements against the hedge positions entered into in accordance with the Hedging Agreement.</p> <p>The obligations of the Company's subsidiaries under the Offtake Agreement, Hedging Agreement and Subscription Agreements are secured against the Company's interest in the Project. In the event those contracts are breached, Hartree may exercise its rights under these security arrangements and there is a risk that the Company loses its interest in the Project entirely.</p>
Commodity Price	<p>Under the Offtake Agreement, the purchase price of product is determined based on prevailing nickel prices during specified periods. As such, if the Company achieves success leading to nickel production, the Company's financial performance will be sensitive to nickel price fluctuations. Nickel prices, like all commodity prices, are affected by numerous factors and events that are beyond the Company's control. These factors and events include general economic activity, world demand, forward selling activity, nickel reserve movements at central banks, costs of production by other nickel producers and other matters such as inflationary expectations, interest rates, currency exchange rates (particularly the strength of the US dollar) as well as general global economic conditions and political trends. If nickel prices should fall below or remain below the Company's costs of production for any sustained period due to these or other factors and events, the</p>

Risk Category	Risk
	Company's exploration and production could be delayed or even abandoned. A delay in exploration or production or the abandonment of one or more of the Company's projects may have a material adverse effect on the Company's production, earnings and financial position.
Exchange Rate	International prices of nickel are denominated in United States dollars and the functional currency of the Offtake Agreement and Subscription Agreements is United States dollars, whereas the 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.
Reliance on Key Personnel	<p>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.</p> <p>The Company may not be able to replace its senior management or key personnel with persons of equivalent expertise and experience within a reasonable period of time or at all and the Company may incur additional expenses to recruit, train and retain personnel. Loss of such personnel may also have an adverse effect on the performance of the Company.</p>
Additional Requirements for Capital	<p>The Company's capital requirements depend on numerous factors, including repatriation of outstanding funds from Myanmar through the BMR Sale Agreement. The Company may require further financing in addition to amounts available under the BMR Sale Agreement, Subscription Agreements and raised under the Offer.</p> <p>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 development plans and exploration programmes.</p> <p>There is 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.</p>

7.3 Industry specific risks

Risk Category	Risk
Tenure	<p>Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved. Tenements are subject to the applicable mining acts and regulations of the relevant jurisdiction (including Tasmania). The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal or conversion 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. In Tasmania, tenements may also be forfeited or cancelled during the term pursuant to an application by any party, or by the Department. Irrespective of the Company's compliance with the conditions of the tenements, and applicable mining acts and regulations, there is no guarantee that applications for forfeiture or cancellation will not be made against the tenements. Further, any exemptions from tenement conditions (if available) are subject to the discretion of the Minister and objections by third parties. If any application for forfeiture or objection to the grant of an exemption is lodged, the Company may be required to defend such applications or objections and incur significant costs.</p>

Risk Category	Risk
Operating and Development	<p>The Company's ability to achieve production, development, operating cost and capital expenditure estimates on a timely basis cannot be assured. The business of nickel mining involves many risks and may be impacted by factors including ore tonnes, yield, input prices (some of which are unpredictable and outside the Company's control), 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 and occupational and health hazards. 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.</p> <p>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. These risks also mean that there can be no assurances as to the future development of a mining operation in relation to any of the Company's projects or which the Company may acquire in the future.</p>
Operating	<p>Unforeseen risks can arise in the development and production phase including mining or processing issues, environmental hazards, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, labour force disruption, the unavailability of materials and plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, unusual or unexpected geological formations, failures in underground workings, changes in the regulatory environment, contractual disputes with off-takers, removal of access rights to properties and adverse weather conditions. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability.</p>
Exploration	<p>While the Company's focus will be on a re-start of mining at the Project, the Company also intends to conduct further exploration to increase the existing mineral resource at the Project or on other projects identified in the future.</p> <p>Exploration is an inherently speculative and high-risk activity that requires significant amounts of expenditure over extended periods of time to present a reasonable probability of success. The Company's exploration activities are subject to all the hazards and risks normally encountered in the exploration of minerals, including climatic conditions, hazards of operating vehicles and plant, technical difficulties, lack of sufficient water or power sources, industrial and environmental accident, adverse changes in government policy or legislation, lack of access to sufficient funding, lack of access to sufficient infrastructure, risks associated with operating in remote areas and other similar considerations. Conclusions drawn during mineral exploration are subject to all the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data. No assurance can be given that during the exploration process mineral resources will be defined with preferred or desirable tonnages and/or grades that would result in feasible economic extraction. Substantial expense may be incurred without the requisite or expected degree of reward. Further, the costs of the Company's exploration activities may materially differ from its estimates and assumptions. No assurance can be given that the Company's cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the value of Shares.</p>
Regulatory	<p>The Company's exploration, development and production activities are subject to extensive laws and regulations relating to numerous matters including resource licence consents, 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</p>

Risk Category	Risk
	<p>other matters. The Company also requires permits from regulatory authorities to authorise its operations. These permits relate to exploration, development, production and rehabilitation activities.</p> <p>Obtaining the 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 its tenements.</p>
Environmental	<p>The Company's operations and activities are subject to the environmental laws and regulations of Australia (and Tasmania) and any other places the Company may conduct business. As with most mining and exploration projects, the Company's operations and activities are expected to have an impact on the environment, particularly if advanced development proceeds at any one of the Company's existing or potential future projects.</p> <p>The Company attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws and regulations. However, non-compliance with or breach of any conditions attached to the Company's mining or environmental licences, or the occurrence of an environmental incident, may lead to penalties or revocation of licences, a delay to the Company's operations or an increase in operating costs, and significant liability could be imposed on the Company for damages, rehabilitation and clean-up costs or penalties in the event of certain environmental damage. This would require the Company to incur significant costs and may result in an adverse impact on the Company's cash flows, financial position and performance.</p> <p>Additionally, pursuant to the terms of its environmental licences, the Company may be required to pay bonds or guarantees to regulators and state or federal governments. Following closure of operations at any of the Company's mines, the Company will incur costs for rehabilitation of the relevant mine site. The rehabilitation costs that are incurred following closure of a mine may exceed the Company's previous estimates of those rehabilitation costs. Further, the Company is unable to predict the effect of additional or more onerous environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area. There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments which could have a material adverse effect on the Company's operations, financial position and performance.</p>
Climate	<p>There are a number of climate-related factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the Company include:</p> <p>(a) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and</p>

Risk Category	Risk
	(b) 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.
Decarbonisation	The Company may be required in the future to transition its mining operations to decarbonised mining operations. Such a transition may be required by changing environmental legislation or regulations, changing economic conditions or changing investor or lender sentiment. Decarbonisation may require changes to the Company's actual or planned mining activities and may affect the continuing viability or profitability of those activities.
Native Title	Native title or Aboriginal heritage sites or objects may exist in the areas covered by the Company's tenements. Native title and heritage legislation in the jurisdictions in which the Company operates may affect the Company's ability to gain access to prospective exploration areas or obtain required permits or licences. 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.

7.4 General risks

Risk Category	Risk
COVID-19	<p>The coronavirus disease (COVID-19) is continuing to impact global economic markets. 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.</p> <p>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 the Project and other exploration projects which may cause delays or cost increases. 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.</p> <p>The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.</p>
Ukraine Conflict	<p>The current conflict between Ukraine and Russia (Ukraine Conflict) is impacting global economic markets. The nature and extent of the effect of the Ukraine Conflict 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 the Ukraine Conflict.</p> <p>The Company is continuing to closely monitor the potential secondary and tertiary macroeconomic impacts of the unfolding events, including the changing pricing of commodity and energy markets and the potential of cyber activity impacting governments and businesses. Further, any governmental or industry measures taken in response to the Ukraine Conflict, including limitations on travel and changes to import/export restrictions and arrangements involving Russia, may adversely impact the Company's operations and are likely to be beyond the control of the Company. The Company is monitoring the situation closely and considers the impact of the Ukraine Conflict on the Company's business and financial performance to, at this stage, be limited. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.</p>

Risk Category	Risk
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. If activities cannot be funded, there is a risk that the Project or any other mineral projects that are held by the Company may have to be surrendered or not renewed. General economic conditions may also affect the value of the Company and its valuation regardless of its actual performance.
Competition	The industry in which the Company is involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.
Market Conditions	<p>Share market conditions may affect the value of the Company's Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:</p> <ul style="list-style-type: none"> (a) general economic outlook; (b) introduction of tax reform or other new legislation; (c) interest rates and inflation rates; (d) changes in investor sentiment toward particular market sectors; (e) the demand for, and supply of, capital; and (f) terrorism or other hostilities. <p>The market price of Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource 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.</p> <p>Shareholders and investors should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of resource 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.</p> <p>Further, after the end of the relevant escrow periods affecting Shares, a significant sale of then tradeable Shares (or the market perception that such a sale might occur) could have an adverse effect on the Company's Share price. Refer to Section 5.10 for further details on the Shares likely to be classified by the ASX as restricted securities.</p>
Insurance	<p>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.</p> <p>Insurance of all risks associated with mineral exploration and production is not always available and where available the costs can be prohibitive. The Company does not currently have business interruption insurance in place. The Company anticipates that business interruption insurance will be obtained prior to recommissioning of the processing plant at the Project, and in any event by November 2022.</p>
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.
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

Risk Category	Risk
	<p>financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.</p> <p>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 the Offer.</p>
Litigation	<p>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, including in respect of the 2% net smelter return royalty referenced in the Solicitor's Report on Tenements set out in Annexure B and discussed further above. Any such claim or dispute, if proven, may impact adversely on the Company's operations, reputation, financial performance and financial position. The Company is not currently engaged in any litigation.</p>

7.5 Investment speculative

The risk factors described above, and other risks factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Shares.

Prospective investors should consider that an investment in the Company is highly speculative.

The Shares offered under this Prospectus carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on the ASX.

Before deciding whether to subscribe for Shares under this Prospectus you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

8. BOARD AND KEY MANAGEMENT, CORPORATE GOVERNANCE AND ESG

8.1 Board of Directors

The Board of the Company consists of:

(a) Jeffrey Moore (B.App.Sc, MAusIMM, MGSA) – Non-Executive Chair

Mr Moore is a geologist with extensive technical, managerial and project finance experience in exploration and mining for publicly listed companies throughout Australia, Central and South America, Africa and Asia.

He has held previous directorships and chief executive roles with significant companies including Allied Gold Limited from 2004 to 2008 and Abra Mining Limited from 2006 to 2011.

Mr Moore is a member of the Australasian Institute of Mining and Metallurgy and a member of the Geological Society of Australia.

The Board considers that Mr Moore is not an independent Director because he has been an executive of the Company within the last 12 months.

(b) John Lamb (B. Surv(IT), Grad.Dip.Man, MBA, F.AusIMM(CP), GAICD) – Managing Director

Mr Lamb is an experienced executive with a career spanning more than 30 years across Australia and Southeast Asia operating in the resources, property, forestry, transport and civil construction sectors; and in both the listed and unlisted environments.

He was previously the General Manager of the Rosebery Polymetallic Mine in Tasmania (owned by MMG) and the Century Zinc Mine (previously owned by MMG) in Queensland.

Mr Lamb has an MBA, is a qualified surveyor, a Chartered Professional Fellow of the Australasian Institute of Mining and Metallurgy and an Order of Merit Graduate of the AICD Company Directors course.

Mr Lamb has been an executive of the Company since 2017.

The Board considers that Mr Lamb is not an independent Director.

(c) Rowan Caren (B Com, CA) - Executive Director and Company Secretary

Mr Caren is a Chartered Accountant and graduated with a B.Com from the University of Western Australia. He has extensive experience in the minerals exploration industry and has provided financial and corporate services to several listed and unlisted companies involved in the resources sector.

Mr Caren has been an executive of the Company since 2017.

The Board considers that Mr Caren is not an independent Director.

(d) Paul Arndt (BSc, MSc, Grad Dip Engineering) – Non-Executive Director

Mr Arndt brings a wide range of skills and qualities including a wealth of mining experience and skills in the areas of strategy, commercialisation, people and project management. He has formerly held senior general management positions with Newcrest Mining Limited at their Telfer operation in Western Australia, Pasminco Limited's Cockle Creek smelter in Boolaroo (NSW), and MIM Holdings Limited's Britannia zinc and lead operation in Avonmouth (UK).

Mr Arndt was the Managing Director and Chief Executive Officer of Perilya until 8 July 2022 and is the nominated representative of Perilya in accordance with the terms of the Historic Subscription Agreement which is summarised in Section 9.4.2.

The Board considers that Mr Arndt is not an independent Director.

(e) Stephen Hendel –Non-Executive Director

Mr Hendel is currently serving, and has served since March 1997, as a Founding Partner and Managing Director of Hartree, where he is actively involved in the management of the firm. Mr. Hendel is also the Chairman of the board of directors of Sprague Resources LP. Prior to co-founding Hartree, from 1985 to 1996, Mr. Hendel was a partner at Goldman Sachs, where he held various management roles in the J. Aron division including head of energy trading and oversight of J. Aron's division of quantitative strategies. From 1994 to 1996, Mr. Hendel shared responsibility for the energy, commodity and currency business for J. Aron. Prior to joining J. Aron in 1980, he was an associate at Paul, Weiss, Rifkind, Wharton & Garrison. Mr. Hendel is active in a number of artistic not-for-profit foundations.

Mr. Hendel holds a B.A. from Yale University and a J.D. from the University of Connecticut School of Law.

Mr Hendel is the nominated representative of Hartree in accordance with the terms of the Implementation Agreement which is summarised in Section 9.2.1.

The Board considers that Mr Hendel is not an independent Director.

The Board has considered the Company's immediate requirements and is satisfied that the composition of the Board represents an appropriate range of experience, qualifications and skills at this time.

8.2 Key management

The Company's key management team includes John Lamb, who will act as the General Manager for the Project, whose profile is set out in Section 8.1 (b) above and Ross Dinsdale, the Chief Financial Officer whose profile is set out below:

Ross Dinsdale – Chief Financial Officer

Ross is the Chief Financial Officer of the Company. Ross has also served the Company in the role of General Manager – Corporate.

Ross has worked in senior executive roles for listed and unlisted natural resources companies and formerly held analytical and investment banking roles with Azure Capital, Goldman Sachs JBWere and Oriel Securities.

Ross is a CFA charter holder and a Director of the CFA Society of Perth. He has a Bachelor of Commerce from the University of Western Australia, with majors in Financial Accounting, Managerial Accounting and Management, and holds a Graduate Diploma in Applied Finance with FINSIA.

The Company is aware of the need to have sufficient management to properly supervise its operations and the Board will continually monitor the management roles in the Company. As the Company's overall operations including its exploration, development and production activities require an increased level of involvement the Board will look to appoint additional management and/or consultants when and where appropriate. The Company intends to utilise the services of experts and consultants for technical input, including to assist formulate overall exploration, development and production strategy and direction, and reporting in compliance with ASX and JORC standards.

8.3 Disclosures by Directors

No Director has been the subject of (or was a director of a company that has been subject to) any legal or disciplinary action in Australia or elsewhere in the last ten years which is relevant or material to the performance of their role with the Company or which is relevant to an investor's decision as to whether to subscribe for Shares under the Offer.

No Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after they ceased to be an officer within the last ten years.

8.4 Directors' Remuneration and interests in Securities

Remuneration

Details of the Directors' remuneration (including superannuation) for the previous two completed and the current financial year (on an annualised basis) are set out in the table below:

Director	Remuneration for the year ended 30 June 2021	Remuneration for the year ended 30 June 2022	Proposed remuneration for year ending 30 June 2023 ²	Proposed Annual Remuneration
Jeffrey Moore	\$261,019	\$216,723	\$133,333	\$135,000
John Lamb	\$438,344	\$461,565	\$576,928	\$600,000
Rowan Caren	\$267,766	\$272,731	\$361,111	\$383,333
Paul Arndt	\$49,300	\$51,233	\$71,667	\$75,000
Stephen Hendel ¹	-	-	\$71,667	\$75,000

Notes:

1. Appointed on 5 July 2022.
2. The Directors will receive an increase in their remuneration on and from the date of re-admission of the Company to the Official List. The table set out above assumes that this occurs on 31 August 2022.

Interests in Securities**As at the date of this Prospectus**

Directors are not required under the Constitution to hold any Shares to be eligible to act as a director. As at the date of this Prospectus, the Directors have relevant interests in Securities as follows:

Director	Shares	Options	Performance Rights ¹	Percentage (%)	
				Undiluted	Fully Diluted
Jeffrey Moore	1,260,000	-	783,012	0.42%	0.66%
John Lamb	1,882,000	-	1,358,688	0.62%	1.05%
Rowan Caren	1,225,000	-	735,914	0.41%	0.64%
Paul Arndt	-	-	-	-	-
Stephen Hendel ²	91,973,769	-	-	30.46%	29.87%

Notes:

1. Refer to Section 10.4 for the terms and conditions of the Performance Rights currently on issue. It is anticipated that all Performance Rights currently on issue will vest and be convertible at the holder's election upon the Company being reinstated to the Official List of ASX.
2. Mr Hendel holds a relevant interest in the Shares held by Hartree Metals Investments SARL by virtue of Mr Hendel having a voting power of greater than 20% in that company.

Post-completion of the Offers

Following completion of the Offers, the Directors are anticipated to have the following relevant interests in Securities:

Director	Shares	Options	Performance Rights ¹	Percentage (%)			
				Minimum Subscription		Maximum Subscription	
				Undiluted	Fully Diluted	Undiluted	Fully Diluted
Jeffrey Moore ²	1,260,000	-	783,012	0.37%	0.58%	0.30%	0.49%
John Lamb ²	1,882,000	-	1,358,688	0.55%	0.93%	0.45%	0.77%
Rowan Caren ²	1,225,000	-	735,914	0.36%	0.56%	0.30%	0.47%
Paul Arndt	-	-	-	-	-	-	-
Stephen Hendel ³	91,973,769	-	-	26.77%	26.31%	22.16%	21.85%

Notes:

1. Refer to Section 10.4 for the terms and conditions of the Performance Rights currently on issue. It is anticipated that all Performance Rights currently on issue will vest and be

convertible at the holder's election upon the Company being reinstated to the Official List of ASX.

2. Directors, John Lamb, Jeffrey Moore and Rowan Caren may apply for up to \$30,000 worth of Shares each under the Offer. If one or more of these Directors (or their spouses or associates) do apply for, and are allocated, Shares under the Offer, the figures in the above table will be affected.
3. Under the terms of the Implementation Agreement, the Company may be required to issue additional Shares to Hartree. Refer to Sections 5.7.1 and 5.9.1 for further details. In the event Hartree (or its nominee) takes up Shares under the Offer or is issued Hartree Shortfall Shares or Hartree Top-up Shares, Stephen Hendel will acquire a relevant interest in such further Shares by virtue of his holding of a voting power in both Hartree and Hartree Metals Investments SARL in excess of 20%.

The Constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum initially set by the Board and subsequently varied by general meeting. The aggregate remuneration for non-executive Directors is \$500,000 per annum although may be varied by ordinary resolution of the Shareholders in general meeting.

The remuneration of any executive Director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee.

The Company will notify ASX of the Directors' interests in the Securities of the Company at the time of the re-admission of the Company to the Official List in accordance with the ASX Listing Rules.

8.5 Agreements with Directors and related parties

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter except where permitted by the Corporations Act.

The agreements between the Company and related parties are summarised in Section 9.5.

8.6 Corporate governance

(a) ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, in light of the Company's size and nature, the Company has adopted *The Corporate Governance Principles and Recommendations (4th Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website www.malleeresources.com.au.

(b) **Board of Directors**

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to enable the Company to deliver maximum Shareholder value through profitable growth and the development of stable and sustainable projects whilst acting lawfully, ethically and responsibly.

Consistent with these goals, the Board assumes the following responsibilities:

- (i) leading and setting the strategic direction, values and objectives of the Company;
- (ii) appointing the Chair of the Board, Managing Director or Chief Executive Officer and approving the appointment of senior executives and the Company Secretary;
- (iii) overseeing the implementation of the Company's strategic objectives, values, code of conduct and performance generally;
- (iv) approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- (v) approving and monitoring the budget and overseeing the integrity of the Company's accounting and corporate reporting systems, including any external audit (satisfying itself financial statements released to the market fairly and accurately reflect the Company's financial position and performance);
- (vi) establishing procedures for verifying the integrity of those periodic reports which are not audited or reviewed by an external auditor, to ensure that each periodic report is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions;
- (vii) overseeing the Company's procedures and processes for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (viii) reviewing, ratifying systems of audit, risk management and internal compliance and control, codes of conduct and legal compliance to minimise the possibility of the Company operating beyond acceptable risk parameters;; and
- (ix) approving the Company's remuneration framework and ensuring it is aligned with the Company's purpose, values, strategic objectives and risk appetite.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

(c) **Composition of the Board**

Election of Board members is substantially the province of the Shareholders in general meeting, subject to the following:

- (i) membership of the Board of Directors will be reviewed regularly to ensure the mix of skills and expertise is appropriate; and
- (ii) the composition of the Board has been structured so as to provide the Company with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent Shareholders and fulfil the business objectives and values of the Company as well as to deal with new and emerging business and governance issues.

The Board currently consists of five Directors (three non-executive Directors and two executive Directors) of whom none are considered independent. The Board considers the current balance of skills and expertise to be appropriate given the Company's size and its currently planned level of activity.

To assist in evaluating the appropriateness of the Board's mix of qualifications, experience and expertise, the Board has adopted and intends to maintain a Board Skills Matrix to ensure that the Board has the skills to discharge its obligations effectively and to add value.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to Shareholders a candidate for election as a Director or senior executive.

The Board ensures that Shareholders are provided with all material information in the Board's possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company shall develop and implement a formal induction program for Directors, which is tailored to their existing skills, knowledge and experience. The purpose of this program is to allow new directors to participate fully and actively in Board decision-making at the earliest opportunity, and to enable new directors to gain an understanding of the Company's policies and procedures.

The Board maintains oversight and responsibility for the Company's continual monitoring of its diversity practices. The Company's Diversity Policy provides a framework for the Company to achieve enhanced recruitment practices whereby the best person for the job is employed, which requires the consideration of a broad and diverse pool of talent.

(d) **Identification and management of risk**

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(e) **Ethical standards**

The Board is committed to the establishment and maintenance of appropriate ethical standards and to conducting all of the Company's business activities fairly, honestly with integrity, and in compliance with all applicable laws, rules and regulations. In particular, the Company and the Board are committed to preventing any form of bribery or corruption and to upholding all laws relevant to these issues as set out in the Company's Anti-Bribery and Anti-Corruption Policy. In addition, the Company encourages reporting of actual and suspected violations of the Company's Code of Conduct or other instances of illegal, unethical or improper conduct. The Company and the Board provide effective protection from victimisation or dismissal to those reporting such conduct as set out in its Whistleblower Protection Policy.

(f) **Independent professional advice**

Subject to the Chair's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(g) **Remuneration arrangements**

The Company has established a separate remuneration and nomination committee. The committee will operate under a remuneration and nomination committee charter.

The remuneration of an executive Director will be decided by the Board, on the basis of recommendations made by the remuneration and nomination committee, without the affected executive Director participating in that decision-making process.

In accordance with the Constitution, the total maximum remuneration of non-executive Directors is initially set by the Board and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

In addition, a Director may be paid fees or other amounts for example, and subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having regard to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based

plans including the appropriateness of performance hurdles and total payments proposed.

(h) **Trading policy**

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e., Directors and, if applicable, any employees reporting directly to the managing director). The policy generally provides that, the written acknowledgement of the Chair (or the Board in the case of the Chair) must be obtained prior to trading.

(i) **External audit**

The Company in general meetings is responsible for the appointment of the external auditors of the Company. From time to time, the Board will review the scope, performance and fees of those external auditors.

(j) **Audit committee**

The Company has established a separate audit and risk committee. The committee will operate under an audit and risk committee charter, and will complete tasks including but not limited to:

- (i) monitoring and reviewing any matters of significance affecting financial reporting and compliance;
- (ii) verifying the integrity of those periodic reports which are not audited or reviewed by an external auditor;
- (iii) monitoring and reviewing the need for a formal internal audit function and monitoring the Company's financial control system and risk management systems; and
- (iv) managing the Company's relationships with external auditors.

(k) **Diversity policy**

The Company is committed to workplace diversity. The Company is committed to inclusion at all levels of the organisation, regardless of gender, marital or family status, sexual orientation, gender identity, age, disabilities, ethnicity, religious beliefs, cultural background, socio-economic background, perspective and experience.

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

(l) **Departures from Recommendations**

Under the ASX Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a

Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are set out below.

Recommendation	Explanation
1.5	<p>The Company recognises the benefits arising from employee and board diversity, including accessing different perspectives and ideas and benefitting from a greater pool of talent. The Company is committed to workplace diversity through acting in fairness and without prejudice.</p> <p>Factors such as gender, race, age or disability are irrelevant and are not taken into account when making employment decisions. In all cases, the person most suited to the position is selected based on their skills and qualifications without bias or prejudice.</p> <p>Consistent with the Company's policy of non-discrimination, the Board has chosen not to set specific measurable targets for gender diversity.</p> <p>However, the Company has adopted a diversity policy and reports on the gender composition of its board, employees and contractors.</p>
2.1, 4.1, 7.1 and 8.1	<p>The Company has a Remuneration and Nomination Committee and an Audit and Risk Committee. As the Company does not currently have any independent directors, the Company cannot comply with all of the recommendations in respect of the composition of the Remuneration and Nomination Committee and the Audit and Risk Committee.</p>
2.4	<p>The Company's Board Charter requires that, where practical, the majority of the Board should be independent. The Board currently comprises a total of five directors, of whom none are considered to be independent. As such, independent directors currently do not comprise the majority of the Board.</p> <p>The Board does not currently consider an independent majority of the Board to be appropriate given the Company considers at least two Directors need to be executive Directors for the Company to be effectively managed and the Company considers it appropriate to provide remuneration to its Directors in the form of securities in order to conserve its limited cash reserves. The Company is considering appointing an independent non-executive director following successful completion of the Offer.</p>
2.5	<p>The Board Charter provides that, where practical, the Chair of the Board should be an independent Director and should not be the CEO/Managing Director.</p> <p>The Chair of the Company is not an independent Director and is not the CEO/Managing Director.</p> <p>The Board considers that the Company is not currently of a size and scale, nor are its affairs of such complexity to necessitate the appointment of an independent Chair.</p>

8.7 Environmental, Social and Governance (ESG)

Underpinning the business model of the Company is a commitment to sustainability through adherence to high standards of environmental, social and governance (ESG).

The Company aspires to have industry leading credentials in ESG with a focus on:

- (a) Environment – The Company is committed to safeguarding the environment and managing potential impacts on water, land and air quality, including through utilisation of renewable grid power, minimising the disturbance footprint of the Project, seeking to improve local water quality and ensuring that it has conservation plans in place to protect local fauna.
- (b) Climate Change – The Company recognises that climate change is a shared global challenge that requires collective action between business, government and society. The Company supports the move to a low emission economy to reduce future climate change impacts and avoid increasing their severity, including through considering a move from diesel powered equipment to electrical equipment.
- (c) Social – Strong community relationships are the foundation of the Company's social licence to operate and the Company aims to make a meaningful contribution to the communities in the region. The Company aims to employ its workforce from local sources and strives to ensure it retains strong support from the Tasmanian government.
- (d) People – The Company aims to create an inclusive and supportive workplace, where people are empowered and aligned. The Company's future success and ability to execute its strategic plan depends on attracting and retaining the right people with the right skills.
- (e) Governance – The Company supports ongoing development of good corporate governance and believes that high standards of governance create a corporate culture that values integrity and ethical behaviour. Strong, effective governance is essential for earning the trust of the Company's stakeholders. The Company is aligned with the International Council on Mining & Metals Mining Principles and plans to implement a reporting framework in accordance with the Global Reporting Initiative reporting framework.

Following completion of the Offer, the Company's current intention is to engage an ESG advisory firm to further build on the above principles.

9. MATERIAL CONTRACTS

The Directors consider that the material contracts described below are those which investors would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of an investment in the Company under the Offer.

This Section contains a summary of the material contracts and their substantive terms which are not otherwise disclosed elsewhere in this Prospectus.

To fully understand all rights and obligations of a material contract, it is necessary to review it in full and these summaries should be read in this light.

9.1 Finance Agreements

9.1.1 Offer Management Agreement

Parties	The Company and the Joint Lead Managers
Fees	The Joint Lead Managers will receive a fee equal to 6% of the funds raised under the Offer, which will be shared equally between the Joint Lead Managers unless otherwise agreed.
Expenses	The Joint Lead Managers are entitled to be reimbursed up to \$30,000 for legal expenses in respect of the Offer and are otherwise entitled to be reimbursed for out-of-pocket expenses and travel incurred in undertaking their role, provided that written consent of the Company will be obtained prior to incurring any expenses in excess of \$2,000.
Termination by the Joint Lead Managers	<p>The Offer Management Agreement may be terminated by any Joint Lead Manager if any of the following events occurs prior to completion of the Offer:</p> <p>(a) (disclosures) a statement in any of the documentation issued or published by or on behalf of the Company in respect of the Offer (Offer Document) or any public/media statements made by or on behalf of the Company in relation to the business and affairs of the Company or the Offer (Public Information) is or becomes misleading or deceptive or is likely to mislead or deceive, or a matter required to be included is omitted from an Offer Document;</p> <p>(b) *(new circumstances) a new circumstance arises after the Prospectus is lodged that would have been required to be included in the Prospectus if it had arisen before lodgement;</p> <p>(c) (Supplementary Prospectus) the Company:</p> <p>(i) *issues or, is required under section 719 of the Corporations Act to lodge a supplementary prospectus; or</p> <p>(ii) lodges a supplementary prospectus with ASIC without approval by the Joint Lead Managers;</p> <p>(d) (Restriction Deeds) any restriction deed is withdrawn, varied, terminated, rescinded, altered, amended or breached or failed to be complied with;</p> <p>(e) (fraud) the Company or any of its directors or officers engage in any fraudulent conduct or activity;</p> <p>(f) (listing and quotation) approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to the quotation of all of the Shares offered under the Offer (Offer Shares), on ASX or for the Offer Shares to be traded through CHESS, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;</p>

- (g) **(delisting)** ASX announces that the Company will be removed from the Official List or that the Company's Shares will be removed from Official Quotation;
- (h) **(notifications and regulatory actions)** any of the following notifications are made in respect of the Offer:
 - (i) ASIC issues an order (including an interim order) under section 739 of the Corporations Act;
 - (ii) ASIC holds a hearing under section 739(2) of the Corporations Act;
 - (iii) an application is made by ASIC for an order under Part 9.5 in relation to the Offer or an Offer Document or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or an Offer Document;
 - (iv) any person (other than the Joint Lead Managers) who has previously consented to the inclusion of its name in any Offer Document withdraws that consent;
 - (v) any person (other than the Joint Lead Managers) gives a notice under section 730 of the Corporations Act in relation to the Prospectus;
 - (vi) there is an application to any governmental agency for any order, declaration or other remedy, or any other governmental agency commences any other investigation or hearing or announces its intention to do so, in each case in connection with the Offer (or any part of it);
- (i) **(closing certificate)** the Company does not provide a closing certificate as and when required by the Offer Management Agreement;
- (j) **(material contracts)** if any of the obligations of the relevant parties under the material contracts of the Group are not capable of being performed in accordance with their terms (in the reasonable opinion of the terminating Joint Lead Manager) or if all or any part of any of such contract:
 - (i) *is amended or varied without the consent of the Joint Lead Managers;
 - (ii) is terminated;
 - (iii) *is breached;
 - (iv) ceases to have effect, otherwise than in accordance with its terms; or
 - (v) is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided or of limited force and affect, or its performance is or becomes illegal;
- (k) **(withdrawal)** the Company withdraws an Offer Document or the Offer or indicates that it does not intend to proceed with the Offer or any part of the Offer;
- (l) **(insolvency events)** the Company or any other member of the Group becomes insolvent, or there is an act or omission which is likely to result in any of them becoming insolvent;
- (m) **(Timetable)** an event specified in the timetable is delayed by more than five Business Days (other than a delay agreed to between the parties);
- (n) **(unable to issue or transfer Offer Shares)** the Company is prevented from allotting and issuing (as applicable) the Offer Shares within the time required by the timetable, the Offer Documents, the ASX Listing Rules, by applicable laws, an order of a court of competent jurisdiction or a governmental agency;
- (o) **(change to Company)** the Company alters the issued capital of the Company (other than as contemplated in this Prospectus) or

- disposes or attempts to dispose of a substantial part of its business or property, without the prior written consent of the Joint Lead Managers;
- (p) **(regulatory approvals)** a regulatory body withdraws or revokes; or amends, any approvals required for the Company to perform their obligations under the Offer Management Agreement or to carry out the transactions contemplated by the Offer Documents;
- (q) **(force majeure)** there is an event, occurrence or non-occurrence or development of an existing event, occurrence or non-occurrence, which makes it illegal or, in the case of an event, occurrence or non-occurrence that makes it commercially impossible, for the Joint Lead Managers to satisfy a material obligation under the Offer Management Agreement, or to market, promote or settle the offer of Offer Shares, or that causes the Joint Lead Managers to delay satisfying a material obligation under the Offer Management Agreement;
- (r) **(change in management)** there is a change in the senior management or the Board;
- (s) **(prosecution)** any of the following occur:
- (i) a Director of the Company is charged with an indictable offence or is disqualified from managing a corporation; or
 - (ii) any governmental agency commences any public action against the Company or any of the Directors in their capacity as a director of the Company, or announces that it intends to take action;
- (t) ***(adverse change)** any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or the Group, including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or the Group from those respectively disclosed in any Offer Document or the Public Information;
- (u) ***(change of law)** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia, Canada, New Zealand, Hong Kong, Japan, Singapore, the Peoples Republic of China, any member states of the European Union, the United Kingdom or the United States or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, including ASIC, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this Agreement);
- (v) ***(breach of laws)** there is a contravention by the Company of the Corporations Act, the Competition and Consumer Act 2010 (Cth), ASIC Act (including any regulations under those acts), its constitution, the ASX Listing Rules or any other applicable law or regulation;
- (w) **(restructure)** a scheme of arrangement or reconstruction is announced by the Company which, if implemented, may result in a person and their associates acquiring a beneficial interest in, or voting power of, 50% or more of the interests in the Company;
- (x) ***(other offer)** an offer to Shareholders is announced by a person other than the Company and which is also recommended by the Board, which, if implemented, may result in a person and their associates acquiring a beneficial interest in, or voting power of, 50% or more of the interests in the Company or the Company otherwise announces a transaction (which the Board recommends) which would have the same effect; or
- (y) ***(compliance with law)** any of the Offer Documents or any aspect of the Offer does not comply with the Corporations Act or any other applicable law or regulation;

- (z) ***(representations and warranties)** a representation, warranty, undertaking or obligation contained under the Offer Management Agreement on the part of the Company is breached, becomes not true or correct or is not performed;
- (aa) ***(breach)** the Company defaults on one or more of its obligations under the Offer Management Agreement;
- (bb) **(constitution)** the Company varies any term of its constitution without the prior written consent of the Joint Lead Managers;
- (cc) ***(legal proceedings)** legal proceedings are commenced against the Company or any of its Directors or any regulatory body commences any enquiry or public action against the Company;
- (dd) ***(information supplied)** any information supplied by or on behalf of the Company to the Joint Lead Managers in respect of itself or the Offer is (or is likely to), or becomes (or is likely to be) misleading or deceptive, including, by omission;
- (ee) ***(hostilities)** hostilities not presently existing commence or an escalation in existing hostilities occurs involving any one or more of Australia, New Zealand, the United States of America or the People's Republic of China, or a major terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries or anywhere else in the world;
- (ff) ***(certificate incorrect)** a statement in any closing certificate is false, misleading, inaccurate or untrue or incorrect; and
- (gg) ***(disruption in financial markets)** any of the following occurs:
 - (i) a general moratorium on commercial banking activities in Australia, Canada, New Zealand, the People's Republic of China, Singapore, Hong Kong, Japan, the United Kingdom, the United States or a Member State of the European Union is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
 - (ii) any adverse effect on the financial markets in Australia, New Zealand, the United States of America or the People's Republic of China, or in foreign exchange rates or any development involving a prospective change or break up in political, financial or economic conditions in any of those countries; or
 - (iii) trading in all securities quoted or listed on ASX, NZSX, New York Stock Exchange, London Stock Exchange, Hong Kong Stock Exchange or the Tokyo Stock Exchange is suspended or limited in a material respect for one day (or a substantial part of one day) on which that exchange is open for trading.

* If an event referred to above (marked with an asterisk (*)) occurs, a Joint Lead Manager may not terminate unless it has reasonable grounds to believe that the event:

- (a) has or is likely to have a materially adverse effect on:
 - (i) the success, settlement, outcome or marketing of the Offer or on the ability of the Joint Lead Manager to market or promote or settle the Offer or on the likely price at which the Offer Shares will trade on ASX; or
 - (ii) the willingness of investors to subscribe for the Offer Shares; or
- (b) will, or is likely to, give rise to a liability of the Joint Lead Manager under, or give rise to, or result in, a contravention by the Joint Lead Manager or its affiliates or the Joint Lead Manager or its affiliates being involved in a contravention of, any applicable law.

Termination by the Company	If the Company elects not to proceed with the Offer, the Company may terminate without cost or liability by written notice to the Joint Lead Managers.
Transactions post-termination	<p>If the Company terminates the Offer Management Agreement:</p> <p>(a) the Company will in good faith offer the Joint Lead Managers a role similar to that contemplated by the Offer Management Agreement (on substantially the same terms, including fees), if the Offer (or a transaction substantially comparable to the Offer or for a similar purpose to that of the Offer, including without limitation, a similar equity capital raising, offer of convertible securities or structured finance product) (Alternative Transaction) is undertaken by the Company at any time within 12 months from the date of termination (Alternative Engagement); and</p> <p>(b) subject to paragraph (c) below, if the Company does not enter into an Alternative Engagement on terms acceptable to the Joint Lead Managers (acting reasonably), the Joint Lead Managers will be entitled to the full fee as set out above if at any time within 12 months from the date of termination, the Company directly or indirectly completes an Alternative Transaction (or enters into an agreement for an Alternative Transaction which later reaches completion) or is involved in a transaction that has a substantially similar outcome as would the Offer (or a similar transaction substantially comparable to the Offer or for a similar purpose to that of the Offer, including any Alternative Transaction);</p> <p>(c) no fee will be payable by the Company to a Joint Lead Manager in respect of an Alternative Transaction in the event that:</p> <p>(i) the Company complies its obligations under paragraph (a) above and the Joint Lead Manager elects not to enter into an Alternate Engagement; or</p> <p>(ii) the Company is offered more favourable terms to the terms set out in paragraph (a) above by an arm's length third party and, having offered the Joint Lead Managers a first right to enter into an Alternative Engagement on the more favourable terms offered to the Company, the Joint Lead Manager elects not to enter into an Alternate Engagement on the more favourable terms,</p> <p>and in either case the Alternate Transaction is completed within 90 days following the date the Company makes an offer to the Joint Lead Managers under paragraph (a).</p>

The Offer Management Agreement otherwise contains terms and conditions that are customary for an agreement of its nature.

9.1.2 Subscription Agreements

Parties	<p>Mallee Tas and Hartree.</p> <p>In addition, subsidiaries of Mallee Tas are required to become parties from time to time.</p>
Facility	Hartree has subscribed for 30,000,000 loan notes, each with a face value of US\$1 (Loan Notes) for a total facility of US\$30,000,000 (Facility), which Facility was drawn in a single utilisation on the DOCA Effectuation Date (Financial Close).
Purpose	<p>Mallee Tas will apply the Facility towards:</p> <p>(a) on-lending funds to the Company to enable the Company to contribute the required funds to the deed fund established under the DOCA; and</p> <p>(b) financing the payment of fees, costs and expenses associated with the establishment of the Facility.</p>

Repayment	<p>US\$10,000,000 under the Facility must be repaid within the earlier of three Business Days following completion of the Offer and 60 days following Financial Close (Initial Repayment Tranche).</p> <p>The balance of the Facility must be repaid by Mallee Tas in a number of principal instalments and finally repaid on the date that is three years following Financial Close (Repayment Date). The principal repayment instalments (Repayment Instalments) commence on the earlier of:</p> <ul style="list-style-type: none"> (a) the last day of the month falling six months after the DOCA Effectuation Date; and (b) the last day of the month falling three months after the date Mallee Tas or Allegiance has delivered its first shipment of products under the Hartree Offtake Agreement, <p>and will continue until the Repayment Date (Repayment Period).</p> <p>Mallee Tas must pay Repayment Instalments, as determined by the formula below:</p> $\text{Repayment Instalment} = \frac{\text{Principal Amount Outstanding}}{\text{Months in Repayment Period}}$
Prepayments	<p>If at any time all or substantially all of the assets of the Mallee Tas Group are sold, Mallee Tas must prepay the Facility (including accrued interest) in full, together with any applicable Break Fee (defined below).</p> <p>If any member of the Mallee Tas Group enters into a transaction or series of transactions to dispose of their assets and which result in them receiving net proceeds in excess of US\$500,000 in aggregate in any financial year, with such proceeds not being reinvested within six months of receipt in assets of like type or value or to purchase other capital assets relevant to the Mallee Tas Group, Mallee Tas must prepay the Facility in an amount equal to the unused net proceeds of the sale, together with any applicable Break Fee.</p> <p>Mallee Tas may, by giving Hartree 10 business days' notice, prepay the whole or any of the Facility, together with accrued interest, by a minimum amount of US\$500,000 (or such lesser amount as remains payable under the Facility), together with any applicable Break Fee. Any such prepayment will not affect Mallee Tas' obligations to make Repayment Instalments during the Repayment Period.</p>
Offtake Payments	<p>To the extent Hartree is liable to pay any amount to Mallee Tas or Allegiance under the Offtake Agreement, Hartree shall apply such amount in discharge of any unpaid payment obligations of Mallee Tas in respect of the Facility.</p>
Interest	<p>The Facility will accrue interest at a rate of 10% per annum, calculated on the daily balance of the principal outstanding under the Facility (Interest). Interest will be payable to Hartree on the last day of each calendar month during the Repayment Period.</p> <p>If Mallee Tas fails to pay any amount payable by it in respect of the Facility as and when it falls due, interest will accrue on the overdue amount from the due date until it is paid at a rate of 13% per annum (Default Interest), such amounts to be immediately payable in cash on demand.</p>
Fees	<p>Mallee Tas has paid an establishment fee on draw down equal to 1% of the funds made available under the Facility.</p> <p>The following break fees will be payable in respect of the Facility (Break Fees) pro rata to the amount of the Facility prepaid:</p> <ul style="list-style-type: none"> (a) on any prepayment that is on or before the date that is 12 months following Financial Close, an amount equal to US\$375,000; (b) on any prepayment that is after the date that is 12 months following Financial Close, but on or before the date that is 24 months following Financial Close, an amount equal to US\$325,000; and (c) on any prepayment that is 24 months following Financial Close, but on or before the Repayment Date, an amount equal to US\$275,000, <p>provided that no Break Fees are payable in respect of the Initial Repayment Tranche.</p>

Withholding Tax Gross-up	Mallee Tas must make all payments (including any capitalised interest) to be made by it without any withholding tax deduction, unless deduction is required by law. If a deduction is required by law, Mallee Tas must pay an additional amount together with the payment so that, after making the deduction, Hartree receives an amount equal to the payment which would have been due if no deduction had been required.
Security	<p>The obligations of Mallee Tas in respect of the Facility will be secured by:</p> <ul style="list-style-type: none"> (a) general security deeds under which the Mallee Tas Group will grant security over all of their assets and undertakings; (b) a security deed under which the Company will grant security over its shares in Mallee Tas; (c) real property mortgages under which members of the Mallee Tas Group will grant security over real property held by them; (d) a tenement mortgage under which the Mallee Tas Group will grant security over their interests in the tenements making up the Project; and (e) a tenement mortgage under which Mallee Tas (Misc) Pty Ltd will grant security over its interest in EL5/2020 (once acquired) (Melba Flats Tenement), <p>(together, the Security Documents).</p>
Events of Default and Review Events	<p>Mallee Tas will be in default under the Facility if any of the following events, among other customary default events, occur without Hartree's consent:</p> <ul style="list-style-type: none"> (a) it fails to pay any amount due under the Facility as and when due, provided that: <ul style="list-style-type: none"> (i) Mallee Tas will not be in breach if the failure to pay is as a result of an administrative or technical error or a disruption to payment systems and Mallee Tas remedies such failure within 3 business days; and (ii) if Mallee Tas and Allegiance have terminated the Offtake Agreement due to a breach by Hartree and Mallee Tas remedies such failure within 45 days of the Offtake Agreement being terminated; (b) it breaches any term of the Facility or the Security Documents that is not remedied within 10 business days of Mallee Tas becoming aware of the breach; (c) a representation or warranty proves to be untrue or misleading in any material respect when made that is not remedied within 10 business days of Mallee Tas becoming aware of the breach; (d) any member of the Mallee Tas Group fails to repay any financial indebtedness in excess of US\$500,000 when it falls due; (e) an insolvency event occurs in respect of Mallee Tas or any member of the Mallee Tas Group; (f) it becomes unlawful for the Company or any member of the Mallee Tas Group to perform its obligations under the Facility or the Security Documents or any security created, expressed to be created or evidenced by the Security Documents ceases to be effective; (g) a material adverse change occurs; (h) any member of the Mallee Tas Group ceases to carry on its business; (i) a judgment is obtained against any member of the Mallee Tas Group for an amount in excess of an agreed threshold; (j) all or a material part of any member of the Mallee Tas Group's assets are compulsorily acquired by a governmental agency and adequate consideration is not received in respect of such acquisition; or (k) Mallee Tas reduces its capital or passes a resolution to authorise a share buy-back. <p>While an event of default is continuing, Hartree may declare that all or part of the Facility (together with accrued interest and any applicable Break Fee) be immediately due and payable and/or exercise any of its rights, remedies, powers or discretions under the Security Documents.</p>

A review event will occur if there is a change of control in respect of the Company, following which Hartree may require that the Company enter into good faith negotiations for a period of 30 days (**Review Period**) to attempt to agree appropriate amendments to the Facility and Security Documents to allow the Facility to continue in place, failing which Hartree may require that the Facility and all outstanding moneys are repaid and cancelled within 90 days after the end of the Review Period.

The Subscription Agreements otherwise contain terms and conditions that are customary for agreements of their nature.

9.2 Acquisition Agreements

9.2.1 Implementation Agreement

Parties	Hartree and the Company
Term / Termination	The term of the Implementation Agreement commenced on 7 March 2022 and ends on the date that it is terminated by either party by written notice to the other party in the following circumstances (Term): (a) if either party materially breaches the Implementation Agreement (including in respect of a breach of a warranty); or (b) if either party enters into a competing proposal in respect of the Project.
Equity Issuance	On 5 July 2022, Hartree (through its nominee Hartree Metals Investments SARL) subscribed for 91,973,769 Shares, being the Hartree Effectuation Shares. The Hartree Effectuation Shares were issued at a deemed issue price of \$0.42 per Share in satisfaction of a \$38,600,000 claim made by Hartree under an offtake agreement formerly in place with the Dundas Group. Hartree (or its nominee) may be entitled to an issue of Hartree Shortfall Shares and/or Hartree Top-up Shares in the circumstances set out in Section 5.7.1.
Subsequent Capital Raisings	If the Company raises additional equity capital at any time prior to 7 March 2025, subject to the Corporations Act, ASX Listing Rules and any negative pledge arrangements, the Company must use its best endeavours to ensure that Hartree is offered the ability to participate in any such offer of securities, provided that such participation is for cash consideration that is no more favourable than cash consideration paid by third parties, in order to maintain Hartree's relevant interest in the Company as at the business day immediately prior to completion of the additional equity capital raising. This right does not create a binding obligation on the Company to make any offer of securities to Hartree.
Hartree Nominee Director	For so long as Hartree holds a relevant interest in the Company of at least 15%, Hartree will have a right to appoint one director to the board of the Company, subject to such nominee being a person of good fame and character and having appropriate qualifications, experience and expertise

The Implementation Agreement otherwise contains terms and conditions that are customary for an agreement of its nature.

9.2.2 Additional Acquisition Agreement

Parties	The Company, D & B Mining, Zebs Minerals, Moina Gold Pty Ltd (ACN 607 767 055) (Moina Gold) and Mr Geoffrey Summers
Acquisition	The Company has agreed to acquire and each of the parties noted below have agreed to sell the following assets (a) D & B Mining has agreed to sell to sell all of its rights, title and interest in exploration licence EL5/2020 (Tenement), all associated technical information in its possession or control which relates to the Tenement and any statutory licences, approvals, consents, authorisations, rights

	<p>or permits relating to the Tenement (together with the Tenement, the Tenement Assets);</p> <p>(b) Zebs Minerals has agreed to sell all of its rights, title and interest in an underground mine loader; and</p> <p>(c) D&B Mining, Zebs Minerals, Moina Gold and Mr Geoffrey Summers (together, the Vendors) have agreed to sell all of their respective rights, title and interests in the technical information in the possession or control of any of the Vendors relating to the Project and the Tenement (Other Mining Information), (together, the Assets).</p>
Conditions Precedent	<p>Completion of the Additional Acquisition is conditional upon the satisfaction (or waiver by the Company) of the following outstanding conditions precedent:</p> <p>(a) the Company receiving conditional approval for the securities of the Company to be reinstated to trading on the Official List (after the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules);</p> <p>(b) entry into a geological consulting agreement between the Company and Moina Gold, pursuant to which Moina Gold will provide the services of Mr Grant McDonald to the Company on terms acceptable to the Company;</p> <p>(c) execution of a deed of release with each of Zebs Minerals and Mr Geoffrey Summers, whereby these parties shall agree to settle and release any claims either may have or assert against Allegiance and its related entities on terms acceptable to the Company;</p> <p>(d) the parties obtaining all necessary regulatory, shareholder and third-party approvals, consents or waivers that are required to give effect to the Additional Acquisition;</p> <p>(e) the parties obtaining all third party approvals and consents, including the consent of the Minister responsible for the Mineral Resources Development Act 1995 (Tas) (if required), necessary to lawfully complete the transfer of the Tenement; and</p> <p>(f) there being no event occurring prior to the date of completion which materially and adversely affects the Assets.</p> <p>If the conditions precedent are not satisfied (or waived by the party with the benefit of the condition precedent) on or before 5:00 pm (Perth time) on 31 August 2022 (or such later date as the parties may agree) (End Date), then any party may terminate the Additional Acquisition Agreement by notice in writing to the other parties.</p> <p>The parties will use their best efforts to ensure that the conditions precedent are satisfied before the End Date.</p>
Consideration	<p>The purchase price for the Assets is \$5.5 million, to be satisfied by an issue of 13,095,238 Shares at a deemed issued price of \$0.42 per Share, comprising:</p> <p>(a) 10,714,286 Shares which will be issued in consideration for the acquisition of the Tenement Assets; and</p> <p>(b) 2,380,952 Shares which will be issued in consideration for the acquisition of the underground mine loader.</p> <p>The purchase price for the Other Mining Information is \$4 to be satisfied by a cash payment of \$1 to each of the Vendors.</p>
Completion	<p>Completion of the Additional Acquisition will occur on that date which is two business days after the satisfaction or waiver of the last of the conditions precedent.</p>
Exclusivity	<p>The Vendors have agreed to terminate all existing discussions in respect of competing transactions and covenanted not to engage in negotiations or discussions with any other parties in relation to a competing transactions until 31 August 2022.</p>

The Additional Acquisition Agreement otherwise contains terms and conditions that are customary for an agreement of its nature.

9.3 Operational Agreements

9.3.1 Offtake Agreement

Parties	Mallee Tas, Allegiance and Hartree
Offtake	<p>Hartree will be the exclusive purchaser of nickel concentrates (Product) produced from the existing identified resources (and extensions thereof insofar as they relate to nickel concentrates) at the Avebury mine (Existing Mine).</p> <p>The duration of the offtake commenced on the DOCA Effectuation Date and will continue for the life of the Existing Mine (Term).</p>
Product Specifications	Product delivered to Hartree must fall within agreed specifications with respect to nickel percentage, arsenic levels, magnesium oxide and other customary product specification requirements. Should the Product not meet the agreed specifications, it will be treated as Off-Spec Product and Hartree may reject the Product, in which case Mallee Tas will be permitted to sell Off-Spec Product to another purchaser. Mallee Tas and Hartree will negotiate the sale of Off-Spec Product and may agree to a discount being applied.
Nickel Price	Subject to the terms of the Hedging Agreement, the price payable by Hartree for nickel concentrate contained in the Product shall be calculated by reference to the arithmetic mean of the settlement price for "Nickel Cash LME Daily Official \$ per tonne", as published in the Metal Bulletin in US\$, over the applicable quotational period.
Cobalt Price	The price payable by Hartree for cobalt contained in the Product shall be determined by the arithmetic mean of the lower buy price for "Cobalt Low Grade MB free market US\$/lb", as published in the Metal Bulletin in US\$, over the applicable quotational period.
Changes to Pricing	The parties will, at the end of 5 years from the DOCA Effectuation Date and every 5th year thereafter, negotiate in good faith any adjustments to the pricing of Product or other terms and conditions for the supply of Product to reflect changes in the nickel concentrate market.
Deductions	Deductions to the price payable for Product shall be determined based on the levels of arsenic and magnesium oxide contained in the Product.
Shipment	Product shall be delivered by Mallee Tas CIF FO Discharge Port (Main Port China, Europe or North America, according to arsenic content and at Hartree's option).
First Right of Refusal	<p>Mallee Tas and Allegiance (the Seller Parties) grant Hartree a first right of refusal to enter into an offtake agreement in respect of any marketable base or precious metal concentrate other than the Product recovered from:</p> <ul style="list-style-type: none"> (a) the mining and exploration tenements held by Allegiance as at the date of the Offtake Agreement (3M/2003; 6M/2007; EL28/1988; EL43/1992; and RL5/2009); and (b) any mineral rights granted to a Seller Party or an affiliate from time to time in connection with Avebury mine, or contiguous to the then current offtake area (but not including tenements acquired on arms'-length terms from a non-affiliate), <p>including any conversion, substitution, amendment or renewal or extension thereof (Offtake Tenements), which excludes the Melba Flats Tenement.</p>
Security	<p>Until such time as Mallee Tas has delivered 250,000 dry metric tonnes of Product to Hartree under the Offtake Agreement, the obligations of Mallee Tas under the Offtake Agreement will be secured by:</p> <ul style="list-style-type: none"> (a) a charge over all the property of Mallee Tas and Allegiance; and (b) a tenement mortgage under which the Mallee Tas Group will grant security over their interests in the tenements making up the Project.

	Hartree has the right to register the Offtake Agreement (among other documents) as a "written instrument" pursuant to section 176 of the <i>Mineral Resources Development Act 1995</i> (Tas) (Mining Act), and lodge a caveat pursuant to section 183 of the <i>Mining Act</i> over each Offtake Tenement.
Disposal of Tenements	<p>Allegiance may transfer its interest in the Offtake Tenements provided that:</p> <ul style="list-style-type: none"> (a) Allegiance gives 20 business days' notice of the proposed transfer to Hartree; (b) the transfer is not likely to give rise to a material adverse effect on the rights and remedies of Hartree; (c) the transferee has the technical and financial capacity to perform Allegiance's obligations under the Offtake Agreement and is not sanctions-affected; (d) all necessary authorisations are obtained in connection with the transfer; (e) neither Mallee Tas nor Allegiance is in default under the Offtake Agreement; and (f) the transferor enters into a deed of covenant agreeing to be bound by the obligations of Allegiance under the Offtake Agreement.
Termination Events	<p>Each of the following is a termination event under the Offtake Agreement (Termination Events):</p> <ul style="list-style-type: none"> (a) an insolvency event occurs in respect of a party; (b) a party fails to make any delivery or perform any other material obligation other than a payment obligation when due if such failure is not cured within three business days after notice thereof; (c) a party fails to pay to another party when due, if such failure is not cured within twenty business days after notice thereof; (d) a representation or warranty proves to be untrue or misleading in any material respect when made; (e) a major default occurs under the Subscription Agreements or the Security Documents that entitles Hartree to accelerate Mallee Tas' repayment obligations; (f) a change of control occurs in respect of Mallee Tas or Allegiance (each, a Seller Party); (g) any key licences in respect of the Project are revoked, cancelled, suspended or materially varied without Hartree's consent where such event is likely to have a material adverse effect; (h) any mine operational contract in respect of the Project is revoked, cancelled, suspended or materially varied without Hartree's consent where such change is likely to have a material adverse effect; (i) there is an unscheduled work or operational stoppage at the Mine, other than for force majeure, which continues for a period of ten continuous days and such stoppage is likely to have a material adverse effect; (j) a Seller Party enters into an offtake agreement for Product or Off-Spec Product with a third party or Mallee Tas purports to sell Product or Off-Spec Product to a third party, other than as permitted under the agreement or with the prior written approval of Hartree; (k) an event occurs in respect of Mallee Tas that has a material adverse effect; or (l) if in the reasonable opinion of the Hartree the quality of not less than 75% of the Product is unmarketable. <p>On the occurrence of a Termination Event, a non-defaulting party may:</p> <ul style="list-style-type: none"> (a) suspend performance of the Offtake Agreement for a period of up to 30 business days, or such lesser time as the Termination Event is continuing, provided that: <ul style="list-style-type: none"> (i) Mallee Tas, as a non-defaulting party, shall be entitled to sell Product to any third party until such suspension is lifted; and (ii) Mallee Tas, as a defaulting party, shall not be entitled to sell Product to any third party until such suspension is lifted, unless

	<p>Mallee Tas has raised a bona fide dispute as to whether a Termination Event has occurred or is continuing, in which event Mallee Tas may, after giving a dispute notice, sell Product to any third party pending resolution of the dispute, or until such time as the Termination Event is no longer continuing,</p> <p>and/or</p> <p>(b) terminate the Offtake Agreement effective within 14 days after upon written notice to the defaulting party; and/or</p> <p>(c) recover such damages (if the Termination Event is as a result of breach by the defaulting party) and / or compensation (if the Termination Event is not as result of breach by the defaulting party) from the defaulting party in respect of all costs and losses incurred by the non-defaulting party.</p>
Review Events	<p>Each of the following will constitute an event of review under the Offtake Agreement (Review Event):</p> <p>(a) any stoppages or disruption to operations that lasts for a period greater than fifteen consecutive days, including force majeure events; or</p> <p>(b) monthly production of Product from the Project is less than 75% of the amount budgeted by Mallee Tas, unless such lowered production has been notified at least 60 days prior to the event occurring and the lowered production does not continue for more than 60 days.</p> <p>Upon the occurrence of a Review Event, Hartree may notify Mallee Tas that it wishes to review the terms of the Offtake Agreement to consider, assess and discuss if any amendments need to be made to the Offtake Agreement or other actions taken to mitigate the Review Event.</p>

The Offtake Agreement otherwise contains terms and conditions that are customary for an agreement of its nature.

9.3.2 Hedging Agreement

Parties	Mallee Tas and Hartree
Term	<p>The Hedging Agreement commenced on the DOCA Effectuation Date and ends on the later of:</p> <p>(a) the date Mallee Tas has repaid the Facility; and</p> <p>(b) the date Mallee Tas has fulfilled all of its obligations under the Hedging Agreement,</p> <p>(Term).</p>
Hedging Activities	<p>Hartree may from time to time during the Term, with Mallee Tas' prior written consent, enter into external hedges for up to 30% of the Product to be delivered to it under the Offtake Agreement, under which Hartree will fix a percentage of the price it is otherwise obliged to pay to Mallee Tas under the Offtake Agreement (Fixed Price). The Fixed Price obtained by Hartree under external hedges will be the price payable to Mallee Tas under the Offtake Agreement.</p> <p>In the event the parties are unable to agree the price parameters in respect of an external hedge within 10 business days, Hartree may enter into such external hedges as it considers reasonable without Mallee Tas' consent and Mallee Tas will be bound by the Hedging Agreement.</p>
Margin and Deemed Draw	<p>Mallee Tas will indemnify Hartree against all required payments under the Hedging Agreement (including initial and variation margin). In the event Hartree is required to pay any initial margin or variation margin to a hedge counterparty, unless an Event of Default is continuing, Mallee Tas will not be required to pay those amounts to Hartree and Hartree will pay those amounts directly to the hedge counterparty, such amounts to be:</p> <p>(a) treated as secured money under the Subscription Agreements; and</p>

	<p>(b) deemed repaid on the first London Metals Exchange day of the quotational period during which pricing of Product is determined in respect of such amount of Product as is required to close out the external hedge.</p> <p>Any initial or variation margin returned by a hedge counterparty to Hartree will be credited against Mallee Tas' initial margin or variation margin liability to Hartree.</p>
Security	The obligations of Mallee Tas under the Hedging Agreement will be secured by the Security Documents.
Events of Default	<p>Each of the following will constitute an event of default under the Hedging Agreement:</p> <ul style="list-style-type: none"> (a) a Termination Event occurs under the Offtake Agreement; (b) subject to the paragraph below, a party fails to pay the other party any moneys when due, unless such failure is caused by an administrative or technical error and is made within three business days of it falling due; (c) Mallee Tas fails to pay Hartree any moneys when due, unless Mallee Tas has terminated the Offtake Agreement due to a breach of Hartree and the payment is made by the date that is 45 days from the date of termination; or (d) a party fails to perform any other material obligation when due and such failure is not cured within 10 business days after notice thereof, <p>(together, Events of Default).</p> <p>If an Event of Default occurs and is continuing, the non-defaulting party may, at the cost and expense of the defaulting party:</p> <ul style="list-style-type: none"> (a) close out or terminate any external hedge, including by entering into opposite positions or by other usual means; or (b) set-off and/or net any or all positions and liabilities under external hedges, including the values upon close out, termination or entry into the opposite position, or such other usual means. <p>If an Event of Default on the part of Mallee Tas is continuing and, if capable of remedy, is not remedied within five business days, Hartree may unwind at market price any outstanding external hedge at its own discretion and costs incurred in respect of such unwinding will be payable by Mallee Tas.</p>
Interest	<p>If an Event of Default on the part of Mallee Tas is continuing:</p> <ul style="list-style-type: none"> (a) interest in respect of required payments will accrue at the rate agreed by the parties for deposits held and advances made by Hartree in relation to the maintenance of margins associated with external hedges; and (b) each month Hartree will invoice Mallee Tas for the agreed interest payment and payment of such amount by Mallee Tas will satisfy any interest obligations payable under the Subscription Agreements in respect of such required payments.
Termination	<p>If the value of the aggregate net hedge transactions of Mallee Tas under the Hedging Agreement would, if closed out or terminated, be sufficient to repay or prepay all amounts owing under the Subscription Agreements and all required payments under the Hedging Agreement, Mallee Tas may instruct Hartree to close out or terminate all hedge transactions and apply the net proceeds against all amounts owing under the Subscription Agreements any required payments under the Hedging Agreement.</p> <p>If there is no hedge transaction outstanding under the Hedging Agreement and Mallee Tas owes no amount to Hartree under the Hedging Agreement or Subscription Agreements, Mallee Tas may terminate the Hedging Agreement by notice to Hartree.</p>

The Hedging Agreement otherwise contains terms and conditions that are customary for an agreement of its nature.

9.4 Historic Agreements

9.4.1 BMR Sale Agreement

Parties	Bright Mountain Pty Ltd (a wholly owned subsidiary of the Company incorporated in Australia) (BMPL) Bright Mountain Resources Myanmar Limited (formerly a wholly owned subsidiary of BMPL incorporated in Myanmar) (BMR) Myanmar Airways International Company Limited (a company incorporated in Myanmar) (MAI).
Date	21 July 2022
Background	BMR currently holds US\$12,061,544 in bank accounts controlled by it in Myanmar. BMPL agreed to sell 100% of the issued capital in BMR to MAI in consideration for an aggregate cash payment of US\$10,200,000 (Purchase Price) by MAI to BMPL. The sale of BMR to MAI is intended to give effect to the repatriation of a substantial proportion of the Company's former investment in Myanmar in a timely manner.
Payment of Purchase Price	MAI shall use all reasonable endeavours to ensure that payment of the Purchase Price is completed within 180 calendar days from the date of the BMR Sale Agreement in the following tranches (in each case with a minimum of US\$1,000,000): (a) a sum of up to US\$2,000,000 within 30 calendar days from the date of the BMR Sale Agreement; (b) a sum of up to US\$2,000,000 by no later than 31 August 2022; (c) a sum of up to US\$2,000,000 by no later than 30 September 2022; (d) a sum of up to US\$2,000,000 within 120 calendar days from the date of the BMR Sale Agreement; (e) a sum of up to US\$2,200,000 within 150 calendar days from the date of the BMR Sale Agreement; and (f) the balance of the Purchase Price within 180 calendar days from the date of the BMR Sale Agreement.
Security	As security for the obligations of MAI under the BMR Sale Agreement, BMPL has been granted a share pledge over 262 ordinary shares in the capital of 24 Hour Mining & Industry Company Limited (being a 5% interest therein), the sole shareholder in MAI.
Events of Default	Each of the following will constitute an event of default under the BMR Sale Agreement: (a) MAI fails to pay any sum due under the BMR Sale Agreement within five business days of when such sum is due (including the dates set out above), unless any such delay or failure is due to events beyond the reasonable control of MAI, including, for the avoidance of doubt, due to any action or restraint by any governmental authority or regulatory body and/or any economic sanctions imposed by prescribed governmental authorities; (b) MAI fails (other than by failing to pay) to comply with any provision of the BMR Sale Agreement and (if BMPL considers, acting reasonably, that the default is capable of remedy) such default is not remedied within 14 business days of the earlier of: (i) BMPL notifying MAI of the default and the remedy reasonably required; and (ii) MAI becoming aware of the default; (c) any representation, warranty or statement made, repeated or deemed made by MAI in, or pursuant to, the BMR Sale Agreement is (or proves to have been) incomplete, untrue, incorrect or misleading when made, repeated or deemed made;

- (d) an insolvency event occurs in respect of MAI; or
 - (e) any provision of the BMR Sale Agreement is or becomes, for any reason, invalid, unlawful, unenforceable, terminated, disputed or ceases to be effective or to have full force and effect;
 - (f) MAI repudiates or rescinds or shows an intention to repudiate or rescind the BMR Sale Agreement; or
 - (g) MAI ceases, or threatens to cease, to carry on all or a substantial part of its business,
- (together, **Events of Default**).
- If an Event of Default occurs, BMPL may, by notice to MAI
- (a) cancel all outstanding obligations of BMPL under the BMR Sale Agreement;
 - (b) terminate the BMR Sale Agreement with immediate effect and, to the extent that BMR has less than US\$12,000,000 in its bank accounts at that time, the amount of such reduction not already paid to BMPL through payment of the Purchase Price (**Shortfall Amount**) shall become immediately due and payable to BMPL and interest shall accrue on the Shortfall Amount at a rate of 7% per annum; and
 - (c) require the immediate return and transfer of the shares in BMR to BMPL or such other person or persons as BMPL may in its absolute discretion direct.

The BMR Sale Agreement otherwise contains terms and conditions that are customary for an agreement of its nature.

9.4.2 Historic Subscription Agreement

On 24 May 2018, the Company entered into a subscription agreement with Perilya Limited (ACN 009 193 695) (**Perilya**) in respect of a placement which was being undertaken at that time (**Historic Subscription Agreement**).

Under the Historic Subscription Agreement, Perilya is entitled to nominate one director to the Board as a non-executive director, which nomination right will cease to apply if at any time Perilya's relevant interest in the Company falls below 10% on an undiluted basis for more than 30 consecutive days on which the ASX is open for trading. Perilya exercised this right by nominating Paul Arndt for appointment as a Director, which appointment was confirmed on 19 June 2018.

As noted in Section 5.9.3, Perilya's relevant interest in the Company will be less than 10% following completion of the Offers. If Perilya does not increase its relevant interest in the Company following the reinstatement of the Company's Shares to Official Quotation, the nomination right under the Historic Subscription Agreement will cease. In this event, the Company intends to retain Paul Arndt as a Non-Executive Director.

9.5 Agreements with Directors and Management

9.5.1 Executive Services Agreements

	John Lamb	Rowan Caren
Role	Managing Director	Executive Director and Company Secretary
Term	The term of each executive services agreement (each, an ESA) will commence on the date of reinstatement of the Company's Shares to trading on the Official List and will continue until the ESA is validly terminated in accordance with its terms and conditions.	

	John Lamb	Rowan Caren
Base Salary (inclusive of superannuation)	\$600,000 per annum	\$383,333 per annum (based on Mr Caren taking six weeks of annual leave per year)
Incentives	<p>Short-term incentives equal to up to 40% of Base Salary for Mr Lamb and up to 30% of Base Salary for Mr Caren which will be subject to the achievement of various performance milestones determined by the Company (in its sole discretion) for each financial year.</p> <p>Long-term incentives equal to up to 30% of Base Salary for Mr Lamb and up to 20% of Base Salary for Mr Caren which will be subject to the achievement of various performance milestones determined by the Company (in its sole discretion) for each financial year.</p>	
Termination by the Company	<p>(a) The Company may terminate the employment of Mr Lamb or Mr Caren (each, an Executive):</p> <ul style="list-style-type: none"> (i) without cause by giving the Executive 12 months' notice in writing; or (ii) if at any time the Executive is unable to perform his duties under the ESA due to incapacity arising from illness, accident or other cause for a period aggregating more than 3 months in any 12-month period by giving the Executive one months' notice in writing. <p>(b) The Company may make payment in lieu of part or all of notice period calculated on the basis of the Base Salary.</p>	
Termination by the Executive	<p>(a) The Executive may terminate the ESA at any time by giving the Company 3 months notice in writing or by resigning with immediate effect for Good Reason.</p> <p>(b) The Company may make payment in lieu of part or all of the notice period calculated on the basis of the Base Salary.</p>	
Termination for Good Reason	<p>If an ESA Change of Control occurs and, at any time during the 12 month period following such ESA Change of Control, the Executive resigns employment for Good Reason, the Executive shall be entitled to a payment of an amount equal to 12 months of the Base Salary.</p> <p>The Executive will have no claim in respect of the termination of the employment if it is terminated following an ESA Change of Control where the Executive is offered employment with any business of the Company (or a related body corporate of the Company) resulting from the ESA Change of Control, on terms that are overall no less favourable than the terms of the ESA.</p>	
Restraint of Trade	<p>For a period of 6 months after the Executive's engagement with the Company has been terminated for whatever reason, the Executive agrees that they will not within Tasmania (in respect of Mr Lamb) or Tasmania and Western Australia (in respect of Mr Caren), or any other jurisdictions that the Company may identify for future business activities, be engaged as an employee, independent contractor, adviser or in any other capacity in restrained activities including the performance of duties similar to those performed in the course of the employment for a business which is the same as or competitive with the business carried on by the Company.</p>	

The ESAs otherwise contain provisions considered standard for agreements of their nature (including representations and warranties and confidentiality provisions).

9.5.2 Non-executive Director appointments

Jeffrey Moore, Paul Arndt and Stephen Hendel have entered into appointment letters with the Company to act in the capacity of Non-Executive Chair and Non-Executive Directors respectively. These Directors will receive the remuneration set out in Section 8.4.

9.5.3 Deeds of indemnity, insurance and access

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Pursuant to each of these deeds, the Company has agreed to indemnify each officer, to the extent permitted by the Corporations Act against certain liabilities arising as a result of the officer acting as an officer of the Company. The Company will also be required to maintain insurance policies for the benefit of the relevant officer and allow the officers to inspect board papers in certain circumstances.

10. ADDITIONAL INFORMATION

10.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and, other than in respect of a potential claim with respect to a claimed royalty in respect of the Project (as discussed in Section 7.2 under the item titled 'Acquisition'), the Directors are not aware of any legal proceedings pending or threatened against the Company.

10.2 Rights and liabilities attaching to Shares

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

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

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. The Constitution permits the use of technology at general meetings of shareholders (including wholly virtual meetings) to the extent permitted under the Corporations Act, ASX Listing Rules and applicable law.

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

(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 the liquidator considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

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

(e) **Shareholder liability**

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

(f) **Transfer of shares**

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

(g) **Future increase in capital**

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

(h) **Variation of rights**

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.

10.3 Terms and conditions of Options

Set out below are the terms and conditions of the Options that are currently on issue:

Entitlement	Each Option entitles the holder to subscribe for one Share in the Company upon exercise of the Option
Exercise Price	Subject the terms set out below, the amount payable upon exercise of each Option will be \$0.65.
Expiry Date	Each Option will expire at 5:00 pm (WST) on 7 November 2022 (Expiry Date). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date. The cashless exercise facility (as described in Section 10.5 below) is not available in respect of the Options.
Exercise Period	The Options are exercisable at any time on or prior to the Expiry Date in accordance with the procedure summarised in Section 10.5 below.
Rules	The Options were issued under and in accordance with the Plan (summarised in Section 10.5 below) and the terms and conditions of the Options are subject to the Plan.

10.4 Terms and conditions of Performance Rights

Set out below are the terms and conditions of the Performance Rights that are currently on issue:

Performance Rights	Each Performance Right confers an entitlement to be provided with one Share, credited as fully paid, at no cost, upon the full satisfaction of the performance criteria specified by the Board in relation to that Performance Right.
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Performance Criteria	<p>The Performance Rights will vest subject to continuous service with the Company from the date of issue of the Performance Rights until the date of satisfaction of the following performance criteria:</p> <p>(a) the Company completing one of the following transactions:</p> <ul style="list-style-type: none"> (i) an acquisition of a new project becomes unconditional and the Company returns to quotation; or (ii) a takeover offer for the Company or by the Company for another entity becomes unconditional and/or the Company returns to quotation; or (iii) a scheme of arrangement to be approved by the Company or the target's shareholders is approved by the Company or the target's shareholders (as applicable), approved by the Court at the second Court hearing and is successfully implemented and/or the Company returns to quotation; and <p>(b) in the event that the Company continues to be a listed entity upon completion of a transaction that satisfies the milestone set out in (a) above, the Company's market capitalisation must be not less than \$60 million. The market capitalisation is to be measured using a 10 trading day VWAP over the 30 trading days following the Company's re-commencement of trading.</p> <p>Performance Rights will only vest and entitle the Participant to be issued Shares if the applicable Performance Criteria (if any) have been satisfied prior to 10 December 2023 (Expiry Date), waived by the Board, or are deemed to have been satisfied under the Plan.</p>
Satisfaction of Performance Criteria	<p>The Board will determine in its sole discretion whether (and, where applicable, to what extent) the Participant has satisfied the performance criteria applicable to the Performance Rights at the end of the Expiry Date. As soon as practicable after making that determination, the Board must issue a vesting notice to the Participant.</p> <p>Following the receipt of a vesting notice, the Performance Rights are exercisable by the Participant prior to the Expiry Date by issuing to the Company a notice of exercise specifying the number of vested Performance Rights to be exercised (Notice of Exercise).</p> <p>Upon receipt of a Notice of Exercise from the Participant, the Board must allot and issue, or transfer, the number of Shares for which the Participant is entitled to acquire upon satisfaction of the Performance Criteria for the relevant number of Performance Rights held.</p>
Lapse of Performance Rights	<p>Where Performance Rights have not satisfied the performance criteria on or before the Expiry Date those Performance Rights will automatically lapse. Any unvested Performance Rights will lapse upon the Participant ceasing to be an employee or consultant to the Company, unless such cessation is due to the completion of a performance criteria in which case the Performance Rights will not lapse.</p>
Timing of the Issue of Shares and Quotation	<p>Subject to the receipt of a Notice of Exercise from the Participant specifying the number of vested Performance Rights to be exercised, the Company must:</p> <ul style="list-style-type: none"> (a) allot and issue the Shares pursuant to the exercise of the vested Performance Rights; (b) as soon as reasonably practicable and 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 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 (c) if admitted to the Official List at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the vested Performance Rights, <p>within five business days after:</p> <ul style="list-style-type: none"> (d) receipt of the Notice of Exercise; or

	(e) if at the date in paragraph (d) there is excluded information in respect of the Company (as defined in section 708A(7) of the Corporations Act) – the date when that information ceases to be excluded information.
Shares issued	Shares issued on the satisfaction of the performance criteria attaching to the Performance Rights rank equally with all existing Shares, including those Shares issued, directly, under the Plan.
Share sale restrictions	Any Shares issued on the exercise of a Performance Right must not be disposed of or dealt with in any way until the earlier of: <ul style="list-style-type: none"> (a) the Participant ceasing to be employed by the Company or its subsidiaries; (b) the Board approving, in its discretion, that the restriction be released where the Eligible Participant suffers total and permanent disability or severe financial hardship; (c) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company, a change of control occurs or a takeover bid is declared unconditional; or (d) the five year anniversary of the date of grant of the Performance Rights.
Quotation	The Company will not seek official quotation of any Performance Rights. If admitted to the Official List, application will be made by the Company to ASX for quotation of the Shares issued upon the vesting of the Performance Rights.
Reorganisation	If there is any reorganisation of the issued share capital of the Company, the terms of Performance Rights and the rights of the Participant who holds such Performance Rights will be varied, including an adjustment to the number of Performance Rights, in accordance with the ASX Listing Rules that apply to the reorganisation at the time of the reorganisation.
Participant Rights	A Participant who holds Performance Rights is not entitled to: <ul style="list-style-type: none"> (a) notice of, or to vote or attend at, a meeting of the Shareholders; or (b) receive any dividends declared by the Company; (c) participate in any new issues of securities offered to Shareholders during the term of the Performance Rights; or (d) cash for the Performance Rights or any right to participate in surplus assets or profits of the Company on winding up, unless and until the performance conditions attaching to the Performance Rights are satisfied, the Performance Rights are exercised and the Participant holds Shares.
Pro-rata issue of Securities	If during the term of any Performance Right, the Company makes a pro rata issue of securities to Shareholders by way of a rights issue, a Participant shall not be entitled to participate in the rights issue in respect of any Performance Rights, only in respect of Shares issued in respect of vested Performance Rights. A Participant will not be entitled to any adjustment to the number of Shares they are entitled to or adjustment to any performance criteria which is based, in whole or in part, upon the Company's share price, as a result of the Company undertaking a rights issue.
Adjustment for Bonus Issues	If, during the term of any Performance Right, Securities are issued pro rata to Shareholders generally by way of bonus issue, the number of Shares to which the Participant is then entitled, shall be increased by that number of Securities which the Participant would have been issued if the Performance Rights then held by the Participant were vested immediately prior to the record date for the bonus issue.
Change of control	Notwithstanding any other provisions of the Plan, if a Change of Control Event occurs, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of

	the Participant's Performance Rights will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.
Performance Rights Not Property	A Participant's Performance Rights are personal contractual rights granted to the Participant only and do not constitute any form of property.
No Transfer of Performance Rights	Unless otherwise determined by the Board, Performance Rights cannot be transferred to or vest in any person other than the Participant. The Board shall only exercise such discretion where the Eligible Participant suffers death, total and permanent disability or severe financial hardship.
Deferred taxation	Subdivision 83A-C of the Income Tax Assessment Act 1997 applies to Performance Rights granted under the Plan, except to the extent that an offer provides otherwise.
Rules	The Performance Rights are issued under and in accordance with the Plan and the terms and conditions of the Performance Rights are subject to the Plan.

10.5 Employee Securities Incentive Plan

The Company has adopted an Employee Securities Incentive Plan (**Plan**) to allow eligible participants to be granted Securities. The principle terms of the Plan are summarised below:

Purpose	<p>The purpose of the Plan is to:</p> <ul style="list-style-type: none"> (a) assist in the reward, retention and motivation of Eligible Participants; (b) link the reward of Eligible Participants to Shareholder value creation; and (c) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.
Plan administration	The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan in its sole and absolute discretion. The Board may delegate its powers and discretion.
Eligibility, invitation and application	<p>The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.</p> <p>On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.</p> <p>If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation in order for the nominated party to be granted the Securities the subject of the invitation.</p>
Grant of Securities	The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan and any ancillary documentation required.
Terms of Convertible Securities	Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. Unless determined by the Board in its absolute discretion, or if the relevant dealing is effected by force of law on death or legal incapacity to the Participant's legal representative, a Participant may not sell, assign, transfer, grant a

		security interest over or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.
Vesting of Convertible Securities	of	Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested.
Exercise of Convertible Securities and Cashless Exercise	of	<p>A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan, or such earlier date as set out in the Plan.</p> <p>To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date.</p> <p>An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.</p> <p>Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.</p>
Delivery of Shares on exercise of Convertible Securities	of on of	As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.
Quotation		If Plan Shares are in the same class as Shares which are listed on the ASX, the Company will apply for quotation of the Plan Shares issued (or any unquoted Plan Shares transferred) within the time required by the ASX Listing Rules after the date of allotment.
Forfeiture		<p>Where a Participant who holds Convertible Securities ceases to be an Eligible Participant, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest. Where a Participant who holds Convertible Securities becomes insolvent, unless otherwise stated in the invitation or determined by the Board, all Convertible Securities held by the Participant will be immediately forfeited.</p> <p>Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.</p> <p>Unless the Board otherwise determines, or as otherwise set out in the Plan:</p> <ul style="list-style-type: none"> (a) any unvested Convertible Securities will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and (b) any unvested Convertible Securities will be automatically forfeited on the expiry date specified in the invitation.
Change of control	of	If a Change of Control Event occurs, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be

	dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.
Rights attaching to Plan Shares	All Shares issued under the Plan or issued or transferred to a Participant under the Plan including upon the valid exercise of a Convertible Security (Plan Shares) will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.
Disposal restrictions on Plan Shares	<p>If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.</p> <p>For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:</p> <ul style="list-style-type: none"> (a) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.
Adjustment of Convertible Securities	<p>If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the ASX Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.</p> <p>If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive, in addition to the Shares in respect of which the Convertible Securities are exercised and without payment of any further consideration, an allotment of as many additional Shares as would have been issued to a Shareholder who, on the date for determining entitlements under the bonus issue, held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.</p> <p>Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.</p>
Participation in new issues	Other than as noted above, there are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.
Application of Adjustment	Other than as noted above, a Participant has no right to change the exercise price or the number of Shares over which a Convertible Security can be exercised.
Amendment of Plan	<p>Subject to the following paragraph, the Board may at any time amend any provisions of the Plan, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan be given retrospective effect, immediate effect or future effect.</p> <p>No amendment to any provision of the Plan may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.</p>

Plan Duration	<p>The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.</p> <p>If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.</p>												
Maximum Number of Securities	<p>The Company obtained Shareholder approval on 19 November 2020 to issue up to 10,000,000 Securities (stated on a post-consolidation basis) under the Plan in reliance on ASX Listing Rule 7.2 Exception 13. As at the date of this Prospectus, 1,775,561 Securities have been issued under this approval. Accordingly, the Company could issue a further 8,224,439 Securities in reliance on this approval prior to 19 November 2023. It is not envisaged that the maximum number of Securities will be issued immediately.</p>												
Participation by Directors	<p>Directors are entitled to participate in the Plan. The current participation of the Directors is set out below. No Securities are currently proposed to be issued to Directors under the Plan.</p> <table> <tr> <th>Director</th><th>Securities currently held under the Plan</th></tr> <tr> <td>Jeffrey Moore</td><td>783,012 Performance Rights</td></tr> <tr> <td>John Lamb</td><td>1,358,688 Performance Rights</td></tr> <tr> <td>Rowan Caren</td><td>735,914 Performance Rights</td></tr> <tr> <td>Paul Arndt</td><td>-</td></tr> <tr> <td>Steve Hendel</td><td>-</td></tr> </table>	Director	Securities currently held under the Plan	Jeffrey Moore	783,012 Performance Rights	John Lamb	1,358,688 Performance Rights	Rowan Caren	735,914 Performance Rights	Paul Arndt	-	Steve Hendel	-
Director	Securities currently held under the Plan												
Jeffrey Moore	783,012 Performance Rights												
John Lamb	1,358,688 Performance Rights												
Rowan Caren	735,914 Performance Rights												
Paul Arndt	-												
Steve Hendel	-												

10.6 ASX Waivers and ASIC Relief

ASX has provided in-principle advice to the Company that ASX Listing Rule 1.1 (Condition 11) does not apply to the cash payments made under the DOCA.

ASX has granted the Company a waiver from ASX Listing Rule 1.1 (Condition 12) to permit the Company to have 4,653,175 Performance Rights on issue (which were previously issued to employees and directors of the Company under an incentive scheme) with nil exercise price on condition that the material terms and conditions of the Performance Rights are clearly disclosed in the Prospectus.

ASX has also granted the Company a waiver from ASX Listing Rule 10.13.5 to the extent necessary to enable Directors John Lamb, Jeffrey Moore and Rowan Caren to subscribe for up to 42,857 Shares each (being an aggregate of 128,571 Shares) under the Offer (**Related Party Shares**) by permitting the Related Party Shares to be issued more than one month after the date of the General Meeting, on the following conditions:

- (a) the Related Party Shares are issued by no later than the date that the Shares are issued under the Offer, which must be no later than three months after the date of the General Meeting;
- (b) the Related Party Shares are issued pursuant to the relevant terms and conditions set out in the notice of meeting for the General Meeting (**Notice**);

- (c) the circumstances of the Company, as determined by the ASX, do not materially change between the General Meeting and the date of issue of the Related Party Shares; and
- (d) the terms of the waiver are clearly disclosed in the Notice and in the Prospectus.

10.7 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 Offers; or
- (c) the Offers,

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 Offers.

10.8 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 two 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 Offers; or

(f) the Offers,

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 Offers.

CSA Global Pty Ltd has acted as Independent Geologist and has prepared the Independent Technical Assessment Report which is included in Annexure A. The Company estimates it will pay CSA Global Pty Ltd a total of \$35,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, CSA Global Pty Ltd has been paid an additional \$56,975.67 for services to the Company.

Grant Thornton Corporate Finance Pty Ltd has acted as Investigating Accountant and has prepared the Independent Limited Assurance Report which is included in Annexure C. The Company estimates it will pay Grant Thornton Corporate Finance Pty Ltd a total of \$55,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Grant Thornton Corporate Finance Pty Ltd has not received from the Company for any other services.

Grant Thornton Audit Pty Ltd has been appointed as the Company's auditor. During the 24 months preceding lodgement of this Prospectus with the ASIC, Grant Thornton Audit Pty Ltd has received \$77,138 in fees from the Company for audit services.

Euroz Hartleys Limited has acted as a joint lead manager to the Offer and will receive those fees set out in Section 4.6 following the successful completion of the Offer for its services as a Joint Lead Manager to the Offer. The Joint Lead Managers will be responsible for paying all capital raising fees that the Joint Lead Managers and the Company agree with any other financial service licensees. Further details in respect to the Offer Management Agreement with Euroz Hartleys are summarised in Section 9.1.1. During the 24 months preceding lodgement of this Prospectus with the ASIC, Euroz Hartleys has not received fees from the Company for any other services.

Jefferies (Australia) Pty Ltd has acted as a joint lead manager to the Offer and will receive those fees set out in Section 4.6 following the successful completion of the Offer for its services as a Joint Lead Manager to the Offer. The Joint Lead Managers will be responsible for paying all capital raising fees that the Joint Lead Managers and the Company agree with any other financial service licensees. Further details in respect to the Offer Management Agreement with Jefferies (Australia) Pty Ltd are summarised in Section 9.1.1. During the 24 months preceding lodgement of this Prospectus with the ASIC, Jefferies (Australia) Pty Ltd has not received fees from the Company for any other services.

Steinepreis Paganin has acted as the Australian legal adviser to the Company in relation to the Offers. The Company estimates it will pay Steinepreis Paganin \$95,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has received

\$279,515.70 (excluding GST and disbursements) in fees from the Company, including in connection with the preparation of this Prospectus.

Groom Kennedy Pty Ltd has acted as the Independent Tenement Expert and has prepared the Solicitor's Report on Tenements which is included in Annexure B. The Company estimates it will pay Groom Kennedy Pty Ltd \$25,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Groom Kennedy Pty Ltd has not received fees from the Company for any other services.

10.9 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors, any persons named in this Prospectus with their consent as proposed Directors, any underwriters, persons named in this Prospectus with their consent having made a statement in this Prospectus and persons involved in a contravention in relation to this Prospectus, with regard to misleading and deceptive statements made in this Prospectus. Although the Company bears primary responsibility for this Prospectus, the other parties involved in the preparation of this 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;
- (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; and
- (c) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

CSA Global Pty Ltd has given its written consent to being named as Independent Geologist in this Prospectus, and to the inclusion of the Independent Technical Assessment Report in Annexure A in the form and context in which the report is included.

Grant Thornton Corporate Finance Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Independent Limited Assurance Report in Annexure C in the form and context in which the information and report is included.

Grant Thornton Audit Pty Ltd has given its written consent to being named as auditor of the Company in this Prospectus and the inclusion of the audited financial information of the Company contained in the Independent Limited Assurance Report included in Annexure C to this Prospectus in the form and context in which the information is included.

Steinepreis Paganin has given its written consent to being named as the Australian legal adviser to the Company in relation to the Offers in this Prospectus.

Groom Kennedy Lawyers & Advisors has given its written consent to being named as the Independent Tenement Expert and the inclusion of the Solicitor's Report on Tenements in Annexure B in the form and context in which the report is included.

Euroz Hartleys Limited has given its written consent to being named as a joint lead manager to the Company in this Prospectus.

Jefferies (Australia) Pty Ltd has given its written consent to being named as a joint lead manager to the Company in this Prospectus.

Automatic Registry Services has given its written consent to being named as the share registry to the Company in this Prospectus.

10.10 Expenses of the Offers

The total expenses of the Offers (excluding GST) are estimated to be approximately \$1,693,177 for Minimum Subscription or \$4,717,088 for Maximum Subscription and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Minimum Subscription (\$)	Maximum Subscription (\$)
ASIC Fees	3,206	3,206
ASX Fees ¹	235,971	259,882
Lead Manager Fees	1,200,000	4,200,000
Legal Fees ²	150,000	150,000
Independent Geologist's Fees	35,000	35,000
Investigating Accountant's Fees	55,000	55,000
Miscellaneous	14,000	14,000
TOTAL	1,693,177	4,717,088

Notes:

1. ASX listing fees assumes that no Hartree Shortfall Shares or Hartree Top-up Shares are issued. The initial listing fees payable by the Company will increase in the event Hartree Shortfall Shares or Hartree Top-up Shares are issued prior to reinstatement.
2. Legal fees include fees payable to Steinepreis Paganin in connection with preparation of the Prospectus, Groom Kennedy in connection with preparation of the Solicitor's Report on Tenements set out in Annexure B and reimbursement of legal fees of the Joint Lead Managers under the Offer Management Agreement.

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.



Jeffrey Moore
Non-Executive Chair
For and on behalf of
MALLEE RESOURCES LIMITED

12. GLOSSARY

Where the following terms are used in this Prospectus, they have the following meanings:

\$ means an Australian dollar.

Administrators means Richard Tucker and John Bumbak of KordaMentha in their capacities as joint and several voluntary administrators of the Dundas Group.

Allegiance means Allegiance Mining Pty Ltd (ACN 059 676 783).

Ancillary Offer has the meaning given in Section 4.10.

Application Form means the application form attached to or accompanying this Prospectus (including an online application form) relating to the Offer or the Ancillary Offer, as the context requires.

ASIC means Australian Securities & Investments Commission.

Associated Body Corporate has the meaning given to that term in ASIC Class Order 14/1000.

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

ASX Listing Rules means the official listing rules of ASX.

BMPL means Bright Mountain Pty Ltd, a wholly owned subsidiary of the Company incorporated in Australia.

BMR means Bright Mountain Resources Myanmar Limited, a former wholly owned subsidiary of BMPL incorporated in Myanmar.

BMR Sale Agreement means the sale agreement between BMPL, BMR and MAI for the sale of 100% of the issued capital in BMR from BMPL to MAI, the material terms of which are summarised in Section 9.4.1.

Board means the board of directors of the Company as constituted from time to time.

Broker Firm Application means an application for Shares under the Offer made by a client through a broker that has been allocated a firm allocation under the Offer, as further detailed in Section 4.8.2.

Business Days 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.

Change of Control Event means:

- (a) a change in control (as that term is defined in section 50AA of the Corporations Act) of the Company;
- (b) where members of the Company approve any compromise or arrangement for the purpose of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other body corporate or bodies corporate (other than a scheme that does not

involve a change in the ultimate beneficial ownership of the Company), which will, upon becoming effective, result in any person (either alone or together with its Associates (as that term is defined in section 12 of the Corporations Act)) owning more than fifty per cent (50%) of the Shares on issue in the Company from time to time (**Issued Capital**);

- (c) where a person becomes the legal or the beneficial owner of, or has a relevant interest in, more than fifty per cent (50%) of Issued Capital;
- (d) where a person becomes entitled to acquire, hold or has an equitable interest in more than fifty per cent (50%) of Issued Capital; and
- (e) where a Takeover Bid (as that term is defined in the Corporations Act) is made to acquire more than fifty per cent (50%) of Issued Capital (or such lesser number of Shares that when combined with the Shares that the bidder (together with its Associates) already owns will amount to more than 50% of Issued Capital) and the Takeover Bid becomes unconditional and the bidder (together with its Associates) has a relevant interest in more than 50% of Issued Capital.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement.

Closing Date means the closing date of the Offers as set out in the indicative timetable in Section 2 (subject to the Company reserving the right to extend the Closing Date or close the Offers early).

Company means Mallee Resources Limited (ACN 124 943 728).

Conditions has the meaning set out in Section 4.7.

Constitution means the constitution of the Company.

Convertible Security means a Security exercisable into a Plan Share(s) in accordance with the Plan, including an Option or a Performance Right.

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

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

Dundas means Dundas Mining Pty Ltd (in liquidation) (ACN 608 839 050).

Dundas Group means Dundas and Allegiance together with, Winched Investment Pty Ltd (receivers and managers appointed) (in liquidation) (ACN 616 834 676), Colour Metal Pty Ltd (receivers and managers appointed) (in liquidation) (ACN 619 459 675) and AGG Fortune Pty Ltd (receivers and managers appointed) (in liquidation) (ACN 626 953 339).

Eligible Participant means a person that:

- (a) is an "eligible participant" (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an Associated Body Corporate; and
- (b) has been determined by the Board to be eligible to participate in the Plan from time to time.

ESA Change of Control means:

- (a) the acquisition by any person, alone or together with any other persons with whom it is acting jointly or in concert, of beneficial ownership of, or the power to exercise control or direction over, directly or indirectly, securities (or securities convertible into or exchangeable for such securities) representing fifty percent (50%) or more of the votes exercisable by holders of the then-outstanding securities generally entitled to vote for the election of directors (**Voting Shares**) of the Company;
- (b) any persons that previously were not acting jointly or in concert commencing to acting jointly or in concert, where such persons together beneficially own, or have the power to exercise control or direction over, directly or indirectly, securities (or securities convertible into or exchangeable for such securities) representing fifty percent (50%) or more of the Voting Shares of the Company;
- (c) any merger, amalgamation, consolidation or reorganisation of the Company into or with another person where, as a result of such reorganisation or business combination, securities representing fifty percent (50%) or more of the votes exercisable by holders of the Voting Shares of the Company or such person into which the Voting Shares of the Company is converted immediately after such transaction, are held by a person alone or together with any other persons with whom that person is acting jointly or in concert, and such person, together with those with whom it is acting jointly or in concert, held securities representing less than fifty percent (50%) of the votes exercisable by the holders of the Voting Shares of the Company immediately prior to such transaction; or
- (d) any reorganisation of the capital of the Company where, as a result of such reorganisation, securities representing Company percent (50%) or more of the votes exercisable by holders of the Voting Shares of the Company or such person into which the Voting Shares of the Company is converted immediately after such transaction, are held by a person alone or together with any other persons with whom that person is acting jointly or in concert, and such person, together with those with whom it is acting jointly or in concert, held securities representing less than fifty percent (50%) of the votes exercisable by the holders of the Voting Shares of the Company immediately prior to such transaction.

Euroz Hartleys means Euroz Hartleys Limited (ACN 104 195 057) (AFSL 230052).

Good Reason means the occurrence of any of the following events:

- (a) a material adverse change in the Executive's status or position as an officer of the Company as in effect immediately prior to an ESA Change of Control;
- (b) a material reduction by the Company of the Base Salary as in effect immediately prior to an ESA Change of Control;
- (c) a material failure by the Company to continue in effect any benefit program in which the Executive is participating at the time of an ESA Change of Control;
- (d) the failure by the Company to provide and credit the Executive with the number of paid vacation days to which the Executive is entitled;

- For personal use only
- (e) the Company requiring the Executive to be based anywhere other than where the Executive is based at the time of an ESA Change of Control;
 - (f) the Company repudiating any of its material obligations under the ESA; or
 - (g) the Company requiring the Executive to report to a person of lower apparent or ostensible authority or standing within the Company or the overall corporate group of affiliates of which it may be a part of from time to time.

Hartree means Hartree Metals LLC.

Hartree SARL means Hartree Metals Investments SARL.

Hedging Agreement means the hedging agreement between Mallee Tas and Hartree, the material terms of which are summarised in Section 9.3.2.

Historic Subscription Agreement means the subscription agreement between the Company and Perilya Limited, the material terms of which are summarised in Section 9.4.2.

Jefferies Australia means Jefferies (Australia) Pty Ltd (ACN 623 059 898) (AFSL 504712).

Joint Lead Managers means Euroz Hartleys and Jefferies Australia.

JORC Code has the meaning given in the Important Notice Section.

Liquidators means Richard Tucker and John Bumbak of KordaMentha in their capacities as joint and several liquidators of Dundas.

MAI means Myanmar Airways International Company Limited (a company incorporated in Myanmar).

Mallee Tas means Mallee Tas (Operating) Pty Ltd (ACN 657 611 893).

Mallee Tas Group means Mallee Tas and each of its subsidiaries including Allegiance, Avebury (Operating) Pty Ltd (ACN 657 794 842) and Avebury (Staff) Pty Ltd (ACN 657 794 566).

Maximum Subscription means the maximum amount to be raised under the Offer, being \$70,000,000.

Minimum Subscription means the minimum amount to be raised under the Offer, being \$20,000,000.

Offer means the public offer of Shares pursuant to this Prospectus as set out in Section 4.1.

Offer Management Agreement means the agreement between the Company, Euroz Hartleys and Jefferies Australia summarised in Section 9.1.1.

Offer Price means \$0.70 per Share.

Offers means the Offer and the Ancillary Offer.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Offtake Agreement means the offtake agreement entered between Mallee Tas, Hartree and Allegiance on 27 June 2022, the material terms of which are summarised in Section 9.3.1.

Option means an option to acquire a Share.

Participant means an Eligible Participant who has been granted any Security under the Plan.

Performance Right means a performance right convertible into a Share.

Prospectus means this prospectus.

Re-admission means the date of reinstatement of the Company's Shares to Official Quotation.

Receivers means Nicholas Martin, Andrew Fielding and Duncan Clubb of BDO (Australia) Limited in their capacities as joint and several receivers and managers of the Dundas Group.

Recommendations has the meaning set out in Section 8.6.

Section means a section of this Prospectus.

Securities means Shares, Options and/or Performance Rights (as applicable).

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

Shareholder means a holder of Shares.

Subscription Agreements means the subscription agreements entered into by Mallee Tas and Hartree on 27 June 2022 the material terms of which are summarised in Section 9.1.2.

Tenements means the mining tenements in which the Company has an interest as described in the Independent Technical Assessment Report at Annexure A and the Solicitor's Report on Tenements at Annexure B or any one of them as the context requires.

US means the United States of America.

US\$ means United States dollars.

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

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CSA Global
Mining Industry Consultants
an ERM Group company

MINERAL ASSETS OF MALLEE RESOURCES LIMITED

Independent Technical Assessment Report

REPORT Nº R261.2022
1 August 2022



Report prepared for

Client Name	Mallee Resources Limited
Project Name/Job Code	MRLITA01
Contact Name	Ross Dinsdale
Contact Title	General Manager - Corporate
Office Address	Suite 1, 9 Havelock Street West Perth 6005 AUSTRALIA

Report issued by

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Division	Corporate

Report information

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Executive Summary

Mallee Resources Limited (“Mallee” or the “Company”) is currently listed on the Australian Securities Exchange (ASX).

Dundas Mining Pty Ltd (in liquidation) (“Dundas”) is an Australian proprietary company that owns 100% of the shares in Allegiance Mining Pty Ltd (“Allegiance”). Allegiance is the owner of the Avebury nickel mine, located on the west coast of Tasmania, Australia. The mine was placed into care and maintenance in February 2009 following the global financial crisis and has remained in care and maintenance since that time.

The Company has entered into a Deed of Company Arrangement (DOCA), pursuant to which the Company has acquired 100% of the issued capital in Allegiance (“Acquisition”). The ASX has advised the Company that, as the Acquisition amounts to a significant change in the nature and scale of the Company’s activities, the Company is required to obtain shareholder approval for the Acquisition and must re-comply with Chapters 1 and 2 of the Listing Rules before it can be reinstated to trading on the ASX. Trading in the Company’s shares is currently suspended and will remain suspended until the Company re-complies with Chapters 1 and 2 of the Listing Rules following completion of the Acquisition. The Company acquired 100% of the shares in Allegiance Mining Pty Ltd, owner of the Avebury Nickel Project (the Project) on 7 July 2022. Underground development recommenced in April 2022, and the restart of the processing plant is planned for Q3, 2022.

CSA Global Pty Ltd (CSA Global), an ERM Group company, was requested by Mallee to prepare an Independent Technical Assessment Report (ITAR) for use in a prospectus to support a capital raising [the issue of a maximum of 100,000,000 shares at a price of A\$0.70 per share to raise up to A\$70,000,000 (Maximum Subscription), with a minimum subscription of A\$20,000,000 (Minimum Subscription) (before costs)], for Mallee to enable re-compliance with Chapters 1 and 2 of the Listing Rules of the ASX.

The majority of the funds raised will be used for restarting the Avebury mine.

Avebury Mine

The Avebury nickel mine in Tasmania is an established underground mine with a 900,000 tpa processing plant. It has a nickel sulphide Mineral Resource of 29.3 Mt at 0.9% Ni (264 kt contained Ni). There is also good potential to increase the deposit, which is open at depth and along strike.

The mine was commissioned in 2008 during the global financial crisis. Nickel prices fell 68% during commissioning, below US\$10,000/t, and the mine was halted and put on care and maintenance after producing 10 kt of nickel concentrate following issues including a lack of access to capital, the management of arsenic in the Avebury ores, and an offtake agreement which did not allow the sale of concentrates outside of China (China has strict arsenic importation limits).

CSA Global understands that the Avebury site infrastructure is in good condition, and with the foundations for mining and processing operations in place, Mallee has a clear path to near-term production.

A Mineral Resource estimate was completed by MMG Limited (MMG) in 2013. No material geological work has been done at Avebury since the 2013 Mineral Resource estimate. Underground development stopped when the mine was placed on care and maintenance by MMG in 2009. No drilling has been completed since 2011. CSA Global was engaged by Mallee in 2022 to revise the reporting of the Avebury deposit’s Mineral Resource estimate in accordance with the current edition of the JORC Code.

MMG acquired the Avebury mine in 2009, and completed a substantial body of technical work. CSA Global has reviewed the work undertaken by MMG, and undertaken the following:

- assessed the classification approach, and a decision to re-classify Measured material as Indicated
- checked the depletion
- completed an assessment of reasonable prospects for eventual economic extraction (RPEEE)
- revised the reporting of the Mineral Resource in accordance with the current JORC Code.

The Mineral Resource estimate is shown in Table 1, as reported to the ASX by Mallee on 8 April 2022.

Table 1: Mineral Resource estimate, reported from all blocks within Ni >0.4% envelope

Mineral Resource classification	Tonnes (Mt)	Ni (%)	Co (ppm)	As (ppm)
Indicated	8.7	1.0	244	378
Inferred	20.7	0.8	223	297
Total	29.3	0.9	229	321

Notes:

- Due to the effects of rounding, the total may not represent the sum of all components.
- All resources are quoted as total nickel. A nickel recovery of 75–80% is expected using conventional flotation processes.

The deposit remains open at depth in at least two directions: down plunge of Avebury East to the east and Viking to the west along the contact with the overlying Crimson Creek Formation. The 2010–2011 drilling in these areas added 4.8 Mt in the East Avebury area and 2.5 Mt in the Avebury and Viking areas (including drilling from 2008 in the Avebury North Extended area). These areas are still open down plunge, and in CSA Global's professional opinion, it could be plausibly expected that following these trends may lead to increased Mineral Resource tonnes, if not grade.

During the relatively short operating life of the mine, the achieved physicals have demonstrated that the mining assumptions used for the original mine planning were realistic and that a production target of 900 ktpa was achievable. Jumbo development metres have ranged from 400 m to 550 m per month using two jumbos. Mine production was well on the way to achieving the target of 75,000 t per month before the mine was placed on care and maintenance.

In CSA Global's opinion, the mine infrastructure has been well planned and executed.

The underground mine workings have been well maintained while on care and maintenance, and the mine is free from flooding. The Avebury processing plant and site infrastructure were established around 2007. The plant operated for 9 months during 2008 and 2009 and has been on care and maintenance since this time. No mineral processing has occurred since 2009 and the plant and site infrastructure remains in good condition. The Avebury site also includes stores, workshops, an administration building, land holdings and accommodation facilities.

The tailings storage facility (TSF) is adjacent to the plant site. The TSF is fully permitted and still has storage capacity. The project has remained dormant since that time and remained on care and maintenance until Mallee commenced underground rehabilitation and development mining in April 2022.

The Company has recommenced development mining in the Avebury mine; all the requisite permitting is in order and mining has been ongoing for the last 3 months since the April 2022 start. The Avebury mine is back in operational mode, with its care and maintenance status having been lifted by Tasmanian regulatory bodies (Mineral Resources Tasmania, WorkSafe Tasmania and EPA Tasmania).

CSA Global has viewed the letter of observation made by the Chief Inspector of Mines following a visit to the Avebury mine on 2 May 2022. The purpose of the visit was to discuss updates on the commencement of mining activity and to discuss health and safety with management and workers. All safety protocols for the operation of the underground mine are in place. The visit by the Chief Inspector of Mines covered the

mine re-start milestones, plant refurbishment, equipment procurement, commercial and administration plans, and safety and health systems update. Updates on existing underground development, existing infrastructure for ventilation, pumping, the escape rise, refuge chambers, explosive/detonator magazine(s), compressed air, water supply and radio system were also reviewed. The visit also covered a review of previous underground production, a high-level review of the first three years of the re-start, and the proposed backfill process.

Updated Ore Reserves have not been declared as yet. CSA Global recognises that it is the Company's decision to proceed with restarting the mine development concurrently with completing the necessary studies, but considers this arrangement does present a higher risk than a conventional situation where there is a current Ore Reserve that has all the modifying factors reviewed and signed off by Competent Persons.

CSA Global recommends that detailed review of life of mine planning, including review and refresh of dewatering and ground support studies, tailings dam management strategy and procedures, and the metallurgical balances and processing flowsheet to support the declaration of new Ore Reserves be completed as soon as possible to support the recommencement of mining and plant refurbishment that the Company began in April 2022. Notably, given the heightened emphasis on disclosure of ESG (environmental, social and governance) consideration by regulators, the tailings management strategy is likely to be subject to scrutiny.

Exploration Prospectivity

In regard to exploration prospectivity, the mineralisation in the Avebury ultramafic body was formed by metasomatism by volatile phases from the Late Devonian Heemskirk Granite which outcrops 1–2 km to the north of the Avebury deposit. It is generally believed that the Avebury deposits are hydrothermal in origin, where the nickel was derived from the alteration of nickel-bearing silicates during serpentinisation. In CSA Global's opinion, this simple silicate-leach model for the nickel within the Avebury system means other Avebury-style systems could be present almost anywhere in the ultramafic rocks in the area, given the right fluid pathways and tectonostratigraphic traps.

EL5/2020

Mallee has entered into a binding agreement to acquire exploration licence EL5/2020 in western Tasmania near the Avebury Nickel Project, a Sandvik LH517 mine loader and all the geological and mining data and information held by the vendors about both the Melba tenements (EL43/1992 and RL5/2009) and the Avebury Nickel Project.

EL5/2020 is a 14 km² exploration licence granted by Mineral Resources Tasmania on 12 June 2021 and has a five-year term. EL5/2020 is located immediately to the west of EL43/1992 and RL5/2009, two licences held by Allegiance (part of the "Avebury Tenements"). The presence of nickel in the Melba Flats area has been known for over 100 years. Some historic small-scale mining has taken place and additionally limited systematic nickel exploration has occurred.

No recent material exploration on EL5/2020 has been carried out. Results of historical exploration at the North Cuni-Genets prospect located on Allegiance's Melba Flats licence RL5/2009, which is adjacent to EL5/2020, provide context to the prospectivity of EL5/2020.

CSA Global Opinion

The Avebury mine held by Mallee is considered to be a "development project". CSA Global recognises that the Company, in acquiring Allegiance Mining Pty Ltd and taking the Avebury mine out of administration

and a care and maintenance situation, has needed to apply a slightly different approach than is the norm to managing the Avebury mine. CSA Global has reviewed the Company's proposed strategy and plans based on the 2013 body of work completed by MMG, the work done by the Company to test that the 2013 studies are still applicable to the restart in 2022, and the current permits obtained by the Company in 2022 to support the restart of operations.

CSA Global is of the opinion that this approach is reasonable for the following reasons:

- CSA Global has reviewed the underlying 2013 body of work completed by MMG and finds that to be acceptable to support the restart, acknowledging that the Company has commenced work to refresh and revalidate key studies such as detailed review of life of mine planning, including review and refresh of dewatering and ground support studies, tailings dam management strategy and procedures, and the metallurgical balances and processing flowsheet to support the declaration of new Ore Reserves.
- CSA Global has reviewed and understands that the agreement product specifications are confidential as per the terms of the offtake agreement. Based on the concentrate specifications achieved during prior production at the mine, and the terms of the current offtake agreement provided to CSA Global for review, CSA Global agrees that acceptable product specifications can be met.
- The restart has been inspected by the Tasmanian regulatory bodies (Mineral Resources Tasmania, WorkSafe Tasmania and EPA Tasmania) and the care and maintenance status has been lifted.
- A significant proportion of the funds raised will be spent on site expenditure (between A\$27 and A\$68 million, depending on the amount raised).

CSA Global considers that the overall project has sound technical merit and is sufficiently prospective to warrant further mine development, exploration and assessment of its economic potential, consistent with the proposed program of expenditure. The proposed use of funds budgeted is considered consistent with the development and operational potential of the Avebury mine and is considered adequate to cover the costs of the proposed program over the two years. The budgeted exploration expenditure is also sufficient to meet the minimum statutory expenditure on the tenements.

Contents

Report prepared for	II
Report issued by	II
Report information	II
Author and Reviewer Signatures	II
EXECUTIVE SUMMARY	III
Avebury Mine	III
Exploration Prospectivity	V
CSA Global Opinion	V
1 INTRODUCTION	1
1.1 Context, Scope and Terms of Reference	1
1.2 Compliance with the VALMIN and JORC Codes	2
1.3 Principal Sources of Information and Reliance on Other Experts	2
1.4 Authors of the Report – Qualifications, Experience and Competence	3
1.5 Prior Association and Independence	5
1.6 Declarations	5
1.6.1 Purpose of this Document	5
1.6.2 Competent Persons' Statement	6
1.7 About this Report	6
2 AVEBURY NICKEL PROJECT	8
2.1 Location and Access	8
2.2 Ownership and Tenure	8
2.3 Exploration and Mining History	9
2.4 Geology	10
2.4.1 Regional Geology	10
2.4.2 Project Geology and Mineralisation	11
2.4.3 Mineral Formation Model	14
2.5 Mineral Resources	15
2.5.1 Current Mineral Resource Statement	15
2.6 Mining	17
2.6.1 General	18
2.6.2 Mine Development	21
2.6.3 Mine Production	22
2.6.4 Geotechnical	24
2.6.5 Backfilling	25
2.6.6 Underground Infrastructure	26
2.6.7 Summary	28
2.7 Mineral Processing	28
2.7.1 Overview	28
2.7.2 Metallurgy	30
2.7.3 Processing Plant	36
2.7.4 Marketing of Concentrate	38
2.8 Exploration Potential	38
2.8.1 Avebury Mine and Immediate Surrounds (Tenements 3M/2003 and 6M/2007)	39
2.8.2 Mount Zeehan (Tenement EL28/1988)	40
2.8.3 Melba Flats and Melba Siding (Tenements EL43/1992 and RL5/2009)	42
2.8.4 EL5/2020	44
2.8.5 Summary	45
3 PROPOSED WORK PROGRAM AND BUDGET	46
3.1 Development Plans	47
3.2 Exploration	49

3.3	CSA Global Opinion	49
4	REFERENCES	51
5	GLOSSARY.....	52
6	ABBREVIATIONS AND UNITS OF MEASUREMENT.....	55

Figures

Figure 1:	Project location, western Tasmania	8
Figure 2:	Project regional geology, western Tasmania.....	10
Figure 3:	Schematic cross section through the Avebury mine sequence geology.....	11
Figure 4:	Photographed drill core, characteristic Avebury mafic-ultramafic host lithology types	12
Figure 5:	Longitudinal section of Mineral Resource	14
Figure 6:	Historical jumbo development metres by month.....	20
Figure 7:	Historical ore production by month	20
Figure 8:	Grade-tonnage relationship using the MSO stope optimiser	21
Figure 9:	Mine layout.....	23
Figure 10:	Example of additional support plan.....	25
Figure 11:	Vent fan #2 installation.....	27
Figure 12:	Plant infrastructure – grinding and flotation circuits (left); crusher house and fine ore bin (right) ..	29
Figure 13:	Processing flowsheet	31
Figure 14:	Recovery Data by Shift, August to Nov 3, 2008	33
Figure 15:	Historical nickel and arsenic upgrade factors per 12-hour shift.....	34
Figure 16:	Relationship between As:Ni ratios in concentrate and feed	35
Figure 17:	Frequency histogram of arsenic grade in mill feed on 12-hour basis.....	36
Figure 18:	Cross section 354750mE, looking west, showing drilling results in Pontiac area.....	40
Figure 19:	Plan of exploration drilling on Trial Harbour ultramafic showing location of hole A223A	41
Figure 20:	North-south cross section through A223A	41
Figure 21:	Untested VTEM anomalies (numbered 1 to 6)	42
Figure 22:	Nickel prospects at Melba Flats	44
Figure 23:	Newly acquired exploration licence (EL5/2020) adjacent to the Melba Flats tenure	45

Tables

Table 1:	Mineral Resource estimate, reported from all blocks within Ni >0.4% envelope	IV
Table 2:	Project tenure	9
Table 3:	Mineral Resource estimate, reported from all blocks within Ni >0.4% envelope	15
Table 5:	Available mining inventory at mine closure	20
Table 6:	Existing mine development	21
Table 7:	Existing mine access development by level	21
Table 8:	Summary of drilled and broken ore stocks not yet hoisted	24
Table 9:	Historical monthly reconciliation performance	29
Table 9:	Bond Mill Work Index for ore types.....	32
Table 11:	Flotation reagent consumption (to December 2008)	32
Table 12:	Monthly production data, including upgrade ratios.....	33
Table 13:	Historical monthly production data, modified from Table 12 using calculated arsenic head grades ..	34
Table 13:	Proposed use of funds	47

1 Introduction

1.1 Context, Scope and Terms of Reference

Mallee Resources Limited (“Mallee” or the “Company”) was incorporated on 23 May 2007 and is currently listed on the Australian Securities Exchange (ASX), having commenced quotation on 3 December 2007. Prior to changing its name to Mallee Resources Limited, the Company was focused on the development of mining and processing operations at the Bawdwin Project in Myanmar.

In response to the political situation in Myanmar and its potential impact on the Bawdwin Project, the Company entered into voluntary suspension on 1 February 2021. As announced on 21 July 2021, the Board determined that the political situation in Myanmar undermined support for the development of the Bawdwin Project in capital markets. As such, on 17 August 2021, the Company announced it had entered into a binding agreement, whereby it had conditionally agreed to dispose of its entire interest in the Bawdwin Project to its local joint venture partner Win Myint Mo Industries Co. Ltd for total consideration of US\$30 million. Shareholder approval for the disposal was obtained at the general meeting held on 24 September 2021.

Dundas Mining Pty Ltd (in liquidation) (Dundas) is an Australian proprietary company that owned 100% of the shares in Allegiance Mining Pty Ltd (Allegiance). Allegiance is the owner of the Avebury nickel mine, located on the west coast of Tasmania, Australia. The mine was placed into care and maintenance in February 2009 during the global financial crisis and has remained in care and maintenance for the duration of Dundas’ ownership.

On 7 March 2022, the Company and Hartree Metals LLC (as proponents), Dundas and the Administrators entered into a Deed of Company Arrangement (DOCA), pursuant to which the Company has acquired 100% of the issued capital in Allegiance through its subsidiary Mallee Tas (Operating) Pty Ltd. Under the DOCA, the Administrators were appointed as deed administrators in respect of Allegiance. The ASX has advised the Company that, as the Acquisition will amount to a significant change in the nature and scale of the Company’s activities, the Company is required to obtain Shareholder approval for the Acquisition and must re-comply with Chapters 1 and 2 of the Listing Rules before it can be reinstated to trading on the ASX. Trading in the Company’s shares is currently suspended and will remain suspended until the Company re-complies with Chapters 1 and 2 of the Listing Rules following completion of the Acquisition.

The Company acquired 100% of the shares in Allegiance Mining Pty Ltd, owner of the Avebury Nickel Project on 7 July 2022. Underground development recommenced in April 2022, and the restart of the processing plant is planned for Q3, 2022.

CSA Global Pty Ltd (CSA Global), an ERM Group company, was requested by Mallee to prepare an Independent Technical Assessment Report (ITAR) for use in a prospectus to support a capital raising [the issue of a maximum of 100,000,000 shares at a price of A\$0.70 per share to raise up to A\$70,000,000 (Maximum Subscription), with a minimum subscription of A\$20,000,000 (Minimum Subscription) (before costs)], for Mallee to enable re-compliance with Chapters 1 and 2 of the Listing Rules of the ASX (“Capital Raising”). The majority of the funds raised will be used for the purpose of advancing the Avebury mine towards re-starting.

The ITAR is subject to the *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets* ("VALMIN¹ Code").

In preparing this ITAR, CSA Global has:

- adhered to the VALMIN Code
- relied on the accuracy and completeness of the data provided to it by Mallee, and that Mallee made CSA Global aware of all material information in relation to the Avebury Nickel Projects
- relied on Mallee's representation that it will hold adequate security of tenure for exploration and assessment of the Projects to proceed
- required Mallee to provide an indemnity to the effect that Mallee would compensate CSA Global in respect of preparing the ITAR against any and all losses, claims, damages and liabilities to which CSA Global or its Associates may become subject under any applicable law or otherwise arising from the preparation of the ITAR to the extent that such loss, claim, damage or liability is a direct result of Mallee or any of its directors or officers knowingly providing CSA Global with any false or misleading information, or Mallee, or its directors or officers knowingly withholding material information
- required an indemnity that Mallee would compensate CSA Global for any liability relating to any consequential extension of workload through queries, questions, or public hearings arising from the reports.

1.2 Compliance with the VALMIN and JORC Codes

This ITAR has been prepared in accordance with the VALMIN Code, which is binding upon Members of the Australian Institute of Geoscientists (AIG) and the Australasian Institute of Mining and Metallurgy (AusIMM), the JORC² Code and the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission (ASIC) and ASX that pertain to Independent Expert Reports.

1.3 Principal Sources of Information and Reliance on Other Experts

CSA Global has based its review of the Projects on information made available to the principal authors by Mallee, along with technical reports prepared by consultants, government agencies and previous tenement holders, and other relevant published and unpublished data.

CSA Global has also relied upon discussions with Mallee's management for information contained within this assessment. This ITAR has been based upon information available up to and including 20 June 2022. CSA Global has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this ITAR is based. Unless otherwise stated, information and data contained in this technical report, or used in its preparation, has been provided by Mallee in the form of documentation and digital data.

Mallee was provided a final draft of this ITAR and requested to identify any material errors or omissions prior to its lodgement.

A site visit to Avebury was conducted by CSA Global Principal Consultant, Tony Donaghy, on 16 December 2020, with Dundas' Senior Mine Geologist, Karen Adams. The regional and project geology, mineralisation and Mineral Resource models and regional exploration results were reviewed. The underground workings, which were on care and maintenance at the time, were not inspected.

¹ Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code), 2015 Edition, prepared by the VALMIN Committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. <<http://www.valmin.org>>

² Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code, 2012 Edition, prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC). <<http://www.jorc.org>>

Tenement information on the Avebury project was provided by independent legal specialist, Tim Cannon, of Groom Kennedy Lawyers & Advisors, Hobart, Tasmania. Details are provided in Section 2.2. CSA Global relies on the independent opinions of Groom Kennedy dated 1 August 2022, with regards to the validity, ownership, and good standing of Mallee's tenements in Tasmania. CSA Global makes no other assessment or assertion as to the legal title of the tenements and is not qualified to do so.

CSA Global has not independently verified the legal status or ownership of the properties or any of the underlying agreements; however, all the information appears to be of sound quality. This information should be contained within the Independent Solicitor's Report and described therein under Summary of Material Agreements, elsewhere in the prospectus.

Mallee has warranted to CSA Global that the information provided for the preparation of this ITAR correctly represents all material information relevant to the Projects. Full details on the tenements are provided in the Independent Solicitor's Report elsewhere in the prospectus.

This ITAR contains statements attributable to third parties. These statements are made or based upon statements made in previous technical reports that are publicly available from either government sources. The authors of these reports have not consented to their statements use in this ITAR, and these statements are included in accordance with ASIC Corporations (Consent and Statements) Instrument 2016/72.

1.4 Authors of the Report – Qualifications, Experience and Competence

The ITAR has been prepared by CSA Global, a privately owned consulting company and part of the ERM Group, which has been operating for over 30 years. CSA Global's headquarters are in Perth, Western Australia.

CSA Global provides multidisciplinary services to a broad spectrum of clients across the global mining industry. Services are provided across all stages of the mining cycle from project generation to exploration, and encompass resource estimation, project evaluation, development studies, operations assistance, and corporate advice, such as valuations and independent technical documentation.

This ITAR has been prepared by a team of consultants sourced principally from CSA Global's office in Perth, Western Australia. The individuals who have provided input to the ITAR have extensive experience in the mining industry and are members in good standing of appropriate professional institutions. The consultants preparing this ITAR are specialists in the field of geology and exploration, in particular relating to nickel.

The following individuals, by virtue of their education, experience, and professional association, are considered Competent Persons, as defined in the JORC Code (2012), for this ITAR. The Competent Persons' individual areas of responsibility are presented below:

- Principal author – Mr Trivindren Naidoo (Principal Consultant Geologist with CSA Global in Perth, Western Australia) reviewed the entire report.
- Contributing author – Mr Tony Donaghy (Principal Consultant with CSA Global in Tasmania) reviewed the geology component of the report
- Contributing author – Mr Mitesh Jethva (Senior Mining Engineer with CSA Global in Perth, Western Australia) reviewed the mining and processing components of the report.
- Peer reviewer – Ms Ivy Chen (Manager Corporate of CSA Global in Perth, Western Australia) is responsible for the entire report.
- Partner in Charge – Mr Graham Jeffress (Partner (Asia Pacific) and Principal Consultant with CSA Global in Perth, Western Australia) is responsible for the entire report.

The information in this ITAR that relates to the Technical Assessment of Mineral Assets, Exploration Targets, or Exploration Results is based on information compiled and conclusions derived by Tony Donaghy, BSc

(Hons), P.Geo., a Competent Person who is a Registered Professional Geoscientist with Professional Geoscientists Ontario, a Registered Professional Organization. Mr Donaghy is employed by CSA Global. Mr Donaghy has sufficient experience that is relevant to the Technical Assessment of the Mineral Assets under consideration, the style of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a Practitioner as defined in the 2015 Edition of the *Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets*, and as a Competent Person as defined in the 2012 Edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*.

The information in this ITAR that relates to the Technical Assessment of Mineral Resources was completed by CSA Global Principal Consultant, Ivy Chen, BAppSc(Geology), Postgrad Dip. Nat Res., FAusIMM, GAICD. Ms Chen is a corporate governance specialist with over 30 years' experience in mining and resource estimation. She served as the national geology and mining advisor for the ASIC from 2009 to 2015. Ms Chen's experience in the mining industry in Australia and China, as an operations and consulting geologist, includes open pit and underground mines for gold, manganese and chromite, and as a consulting geologist she has conducted mineral project evaluation, strategy development and implementation in various roles through to senior corporate management roles. Recent projects completed include listings and other commercial transactions on stock exchanges in Australia, Singapore, Hong Kong and United Kingdom. Ms Chen is a member of the VALMIN Committee. She has the relevant qualifications, experience, competence, and independence to be considered a "Specialist" under the definitions provided in the VALMIN Code and a "Competent Person" as defined in the JORC Code.

The mining assessment of the Avebury project in this ITAR was completed by CSA Global Senior Mining Engineer, Mitesh Jethva, MSc (Mining), GradDip(Mining), DipEng(Mining), MAusIMM. Mr Jethva is a senior mining engineer with more than 18 years' experience in both underground and open pit mining. He has specialised skills in underground mine design and extensive technical experience across a diverse range of methodologies in use in the underground mining sector. Mr Jethva has demonstrated proficiency at cost improvement exercises on development and project related designs, has a proven track record with respect to technical research, analysis, strategic planning, and negotiation skills to successfully develop business initiatives while maximising profit and driving continuous change. He has strong expertise in precious metals (gold and silver), base metals (copper, zinc and lead) and coal. He has the relevant qualifications, experience, competence, and independence to be considered a "Specialist" under the definitions provided in the VALMIN Code and a "Competent Person" as defined in the JORC Code and is in the process of applying for membership of the AusIMM. Mr Jethva's work was completed under the supervision of CSA Global's Manager of Mining and Consulting Director, Howard Simpson, BSc Eng (Mining) (Hons), Bcom Accounting and Quantitative Management, FAusIMM(CP), RPEQ. Mr Simpson is an experienced mining professional who has delivered mining engineering, mine planning and economic evaluation for projects, technical studies, and operations. Mr Simpson has the relevant qualifications, experience, competence, and independence to be considered a "Specialist" under the definitions provided in the VALMIN Code and a "Competent Person" as defined in the JORC Code.

The report was coordinated by CSA Global Principal Geologist – Valuation, Trivindren Naidoo, MSc(Exploration Geology), GradCert (MinEnrgEcon), FGSSA, MAusIMM. Mr Naidoo is an exploration geologist with over 20 years' experience in the minerals industry, including 16 years as a consultant, specialising in project evaluations and technical reviews as well as code-compliant reporting (JORC, VALMIN, NI 43-101 and CIMVAL) and valuation. Mr Naidoo's knowledge is broad based, and he has wide-ranging experience in the field of mineral exploration, having managed or consulted on various projects ranging from first-pass grassroots exploration to brownfields exploration and evaluation, including the assessment of operating mines. Mr Naidoo is part of CSA Global's Corporate team and has completed independent

evaluations and valuations of numerous mineral assets ranging from early-stage exploration properties to projects with multiple operating mines, across various commodities and jurisdictions.

This ITAR was authorised by CSA Global Partner (Asia Pacific) and Principal Consultant, Graham Jeffress, BSc(Hons) (Applied Geology), RPGeo (Mineral Exploration), FAIG, FAusIMM, FSEG, MGSA. Mr Jeffress is a geologist with over 30 years' experience in exploration geology and management in Australia, Papua New Guinea and Indonesia. He has worked in exploration (ranging from grassroots reconnaissance through to brownfields, near-mine, and resource definition), project evaluation and mining in a variety of geological terrains, commodities and mineralisation styles within Australia and internationally. Mr Jeffress is competent in multidisciplinary exploration, and proficient at undertaking prospect evaluation and all phases of exploration. He has completed numerous independent technical reports (IGR, CPR, QPR) and valuations of mineral assets. Mr Jeffress now coordinates and participates in CSA Global's activities providing expert technical reviews, valuations and independent reporting services to groups desiring improved understanding of the value, risks and opportunities associated with mineral investment opportunities.

1.5 Prior Association and Independence

In September 2014, CSA Global prepared an Independent Technical Assessment Report on the Avebury Nickel Project to be included in a prospectus for Avebury Nickel Mines Limited, which was to be lodged with the ASIC. In addition, in February 2021, CSA Global undertook a confidential review of the Mineral Resource estimate and exploration upside of the Avebury Nickel Project for an ASX-listed company. Tony Donaghy was involved in both these independent technical reviews. In both instances, the transactions did not proceed, and the reports were never publicly released.

The other authors of this ITAR have had no prior association with the Mineral Assets of Mallee. Neither CSA Global, nor the authors of this ITAR, have or have had previously, any other material interest in Mallee or the mineral properties in which Mallee has an interest. CSA Global's relationship with Mallee is solely one of professional association between client and independent consultant.

CSA Global is an independent consultancy. This ITAR is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this ITAR. The fee for the preparation of this ITAR is approximately A\$22,500.

No member or employee of CSA Global is, or is intended to be, a director, officer, or other direct employee of Mallee. No member or employee of CSA Global has, or has had, any material shareholding in Mallee. There is no formal agreement between CSA Global and Mallee in relation to CSA Global conducting further work for Mallee.

1.6 Declarations

1.6.1 Purpose of this Document

This ITAR has been prepared by CSA Global at the request of, and for the sole benefit of Mallee. Its purpose is to provide an independent technical assessment of Mallee's Avebury nickel project in Tasmania.

The ITAR is to be included in its entirety or in summary form within a prospectus to be prepared by Mallee, in connection with an initial public offering. It is not intended to serve any purpose beyond that stated and should not be relied upon for any other purpose.

The statements and opinions contained in this ITAR are given in good faith and in the belief that they are not false or misleading. The conclusions are based on the reference date of 20 June 2022 and could alter over time depending on exploration results, mineral prices, and other relevant market factors.

1.6.2 Competent Persons' Statement

The exploration results in this ITAR have been prepared and reported in accordance with the JORC Code (2012).

The information in this ITAR that relates to Technical Assessment of the Mineral Assets or Exploration Results is based on information compiled and conclusions derived by Mr Tony Donaghy, a Registered Professional Geoscientist with Professional Geoscientists Ontario, a Registered Professional Organization.

Mr Donaghy is employed by CSA Global and has no conflict of interest in relation to this report.

Mr Donaghy has sufficient experience that is relevant to the Technical Assessment of the Mineral Assets under consideration, the style of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a Practitioner as defined in the 2015 Edition of the *Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets*, and as a Competent Person as defined in the 2012 Edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*. Mr Donaghy consents to the inclusion in the ITAR of the matters and the supporting information based on his information in the form and context in which it appears.

The information in this ITAR that relates to the Technical Assessment of Mineral Resources was completed by Ms Ivy Chen, a Competent Person who is a Fellow of the AusIMM.

Ms Chen has sufficient experience that is relevant to the Technical Assessment of the Mineral Resources under consideration, the style of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a Practitioner as defined in the 2015 Edition of the *Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets*, and as a Competent Person as defined in the 2012 Edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*. Ms Chen consents to the inclusion in the ITAR of the matters and the supporting information based on his information in the form and context in which it appears.

The mining assessment of the Avebury project in this ITAR was completed by CSA Global Senior Mining Engineer, Mitesh Jethva, MSc (Mining), Grad.Dip (Mining), Dip.Eng (Mining). Mr Jethva is a senior mining engineer with more than 18 years' experience, in both underground and open pit mining. He has specialised skills in underground mine design with extensive technical experience with a diverse range of methodology across the underground mining sectors. Mr Jethva has demonstrated proficiency at cost improvement exercises on development and project related designs, has a proven track record with respect to technical research, analysis, strategic planning, and negotiation skills to successfully develop business initiatives whilst maximizing profit and driving continuous change. He has strong expertise in precious (Au, Ag), base metals (Cu, Zn, Pb), and coal. He has the relevant qualifications, experience, competence, and independence to be considered a "Specialist" under the definitions provided in the VALMIN Code and a "Competent Person" as defined in the JORC Code and is in the process of applying for membership of the AusIMM. Mr Jethva's work was completed under the supervision of CSA Global's Manager of Mining and Consulting Director – Howard Simpson, BSc Eng (Mining) (Hons), Bcom Accounting and Quantitative Management, FAusIMM (CP), RPEQ. Mr Simpson is an experienced mining professional who has delivered mining engineering, mine planning and economic evaluation for projects, technical studies, and operations. Mr Simpson has the relevant qualifications, experience, competence, and independence to be considered a "Specialist" under the definitions provided in the VALMIN Code and a "Competent Person" as defined in the JORC Code. Mr Jethva and Mr Simpson consent to the inclusion in the ITAR of the matters and the supporting information based on their information in the form and context in which it appears.

1.7 About this Report

This ITAR describes the Avebury nickel mine in Tasmania, Australia.

The geology and mineralisation for the project area is discussed, as well as the current Mineral Resources, the previous mining operation and existing mining infrastructure. A great wealth of data pertains to the work done on the Avebury Nickel Project and an effort was made to summarise this so as to contain the length and readability of the ITAR.

2 Avebury Nickel Project

2.1 Location and Access

The Avebury Nickel Project is situated 8 km west of the town of Zeehan on Tasmania's west coast (Figure 1). Access from mainland Australia is usually via airplane to Burnie which is 140 km from Zeehan on the Murchison Highway via Rosebery. Access to the Avebury mine site is by an excellent quality, purpose-built bitumen road with little other traffic.

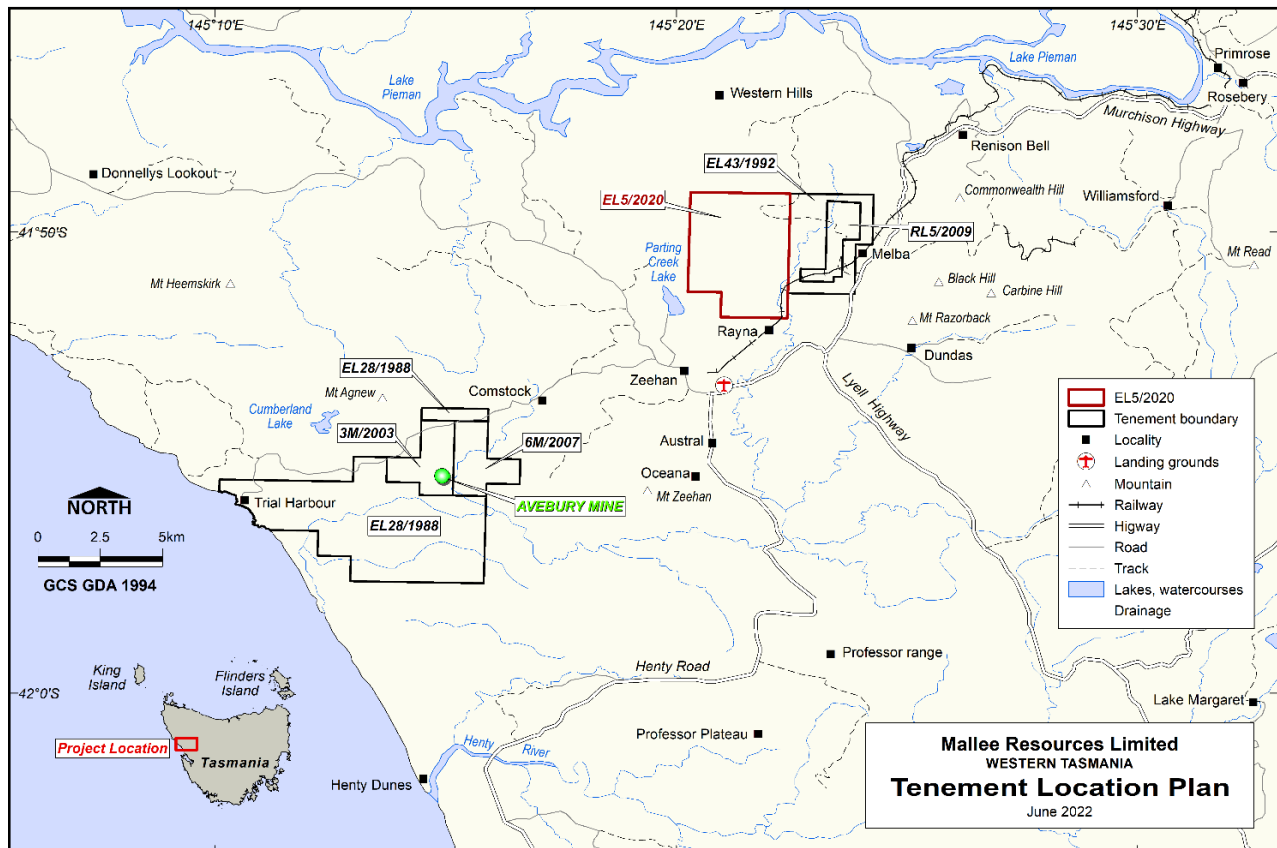


Figure 1: Project location, western Tasmania

2.2 Ownership and Tenure

The Avebury project tenure consists of two granted mining licences, two granted exploration licences and one granted retention licence, all currently held by Allegiance (Table 2), as well as one granted exploration licence held by D & B Mining Pty Ltd (EL5/2020).

Tenement information for the Avebury project was provided by Groom Kennedy Lawyers & Advisors, Hobart, Tasmania. CSA Global relies on the independent opinions of Groom Kennedy dated 1 August 2022, with regards to the validity, ownership, and good standing of the tenements that Mallee has acquired in Tasmania. CSA Global makes no other assessment or assertion as to the legal title of the tenements and is not qualified to do so.

Table 2: Project tenure

Lease	Lease type	Expiry date	Holder	Status	Size	Description
Avebury 3M/2003	Mining	16/10/2024	Allegiance Mining Pty Ltd	Granted	400 ha	Covers the western portion of the Avebury mine
Avebury East 6M/2007	Mining	16/10/2024	Allegiance Mining Pty Ltd	Granted	400 ha	Covers the eastern portion of the Avebury mine
Mt Zeehan EL28/1988	Exploration	09/12/2022	Allegiance Mining Pty Ltd	Granted [#]	25 km ²	To the west of Avebury – includes Trial Harbour, Burbank and Fen Creek
Melba Flats EL43/1992	Exploration	16/04/2023	Allegiance Mining Pty Ltd	Granted	6 km ²	North-northeast of Zeehan – includes Melba Flats
Melba Siding RL5/2009	Retention	01/12/2022	Allegiance Mining Pty Ltd	Granted [#]	3 km ²	North-northeast of Zeehan – includes North Cuni/Genets, Nickel Reward, Deveraux
Little Henty River EL5/2020	Exploration	11/06/2026	D & B Mining Pty Ltd	Granted	14 km ²	Adjacent to EL43/1992

Source: Groom Kennedy (2022)

[#]Renewal and extension of term of EL28/1988 and RL5/2009 was confirmed on 17 January 2022, and the status was amended to granted on 10 March 2022.

2.3 Exploration and Mining History

Mining for silver and lead started at Zeehan in the 1880s and the town was once Tasmania's third largest.

The Avebury deposit was discovered in 1997 with a drill core hole returning an intersection of 8 m of 0.6% Ni, including 2.4 m of 1.4% Ni (Allegiance Mining NL Annual Report, December 2001) within an ultramafic body identified by a prominent anomaly in an aeromagnetic survey. The hole was targeted on zinc skarn mineralisation and was drilled by CRA Exploration (CRA) on a tenement held in joint venture with Allegiance Mining NL. Allegiance subsequently acquired CRA's interest in the tenement. Further drilling by Allegiance led to identification of a resource of 4 Mt at 1.5% Ni by 2002 (Allegiance Mining NL Annual Report, December 2003). The current Mineral Resource estimate is discussed in Section 2.5.1 of this ITAR.

Allegiance completed a Development Proposal and Environmental Management Plan for Avebury in 2003. This allowed initial decline mining to access the central area of the Avebury orebodies in 2004. In early 2006, ore development and trial mining were conducted, which produced 6,000 t of ore for testwork.

Formal mining commenced at the end of 2006. Commissioning of the processing plant was achieved in mid-2008 and the first concentrates were produced in July.

The acquisition of Allegiance Mining Pty Ltd (formerly Allegiance Mining NL) was completed in 2008 by OZ Minerals Limited, which was formed following the merger of Zinifex Limited and Oxiana Limited. Avebury and a number of other assets were then sold to China Minmetals Non-ferrous Metals Co. Limited to form MMG.

Following large falls in the nickel price during the global financial crisis, the mine was placed on care and maintenance in January 2009. Mining ceased in January 2009 and milling ceased in February 2009. Focus during the care and maintenance phase has been on maintaining site infrastructure, including pumping from the main declines and maintenance of the processing plant. Further exploration work was undertaken in 2010 to establish more resources.

During the plant's eight-month operational period, a total of 2,990 t of nickel in concentrate was produced.

Underground development stopped when MMG placed the mine on care and maintenance in 2009. There has been no drilling since June 2011, and the last Mineral Resource estimation was carried out by MMG in April 2013 and reported on its website. The Mineral Resource estimate was reported under JORC Code (2012) guidelines by CSA Global in 2022. The state of geological knowledge at Avebury has not advanced since CSA

Global's 2013 Mineral Resource estimate. MMG put the Project on the market for sale in 2014. Dundas Mining Pty Ltd purchased Avebury from MMG for A\$25 million in July 2017. The Project has been dormant since that time and remained on care and maintenance until underground rehabilitation and development mining was commenced by Mallee in 2022.

2.4 Geology

The following sections draw on published sources including Black et al. (2005) and Keays and Jowitt (2012), as well as various internal company reports prepared by MMG and Allegiance, as well as their consultants.

2.4.1 Regional Geology

The regional geological setting of the Avebury deposit and the relevant exploration tenements is summarised in Figure 2. The major tectono-stratigraphic unit relevant to Avebury is the Cambrian to Devonian age Dundas Trough. This occupies a broadly north-striking corridor sandwiched between the Precambrian terrains of the Rocky Cape Region to the west and the Tyennan Region to the east. Located within the trough are several Cambrian mafic-ultramafic complexes of which Trial Harbour, Avebury, Mclvor Hill, Dundas and Serpentine Hill are notable in the vicinity of the Avebury deposit. The Dundas Trough is a richly endowed mineralised belt which includes significant deposits such as Rosebery, Renison Bell, Mount Lyell, Hellyer and Henty.

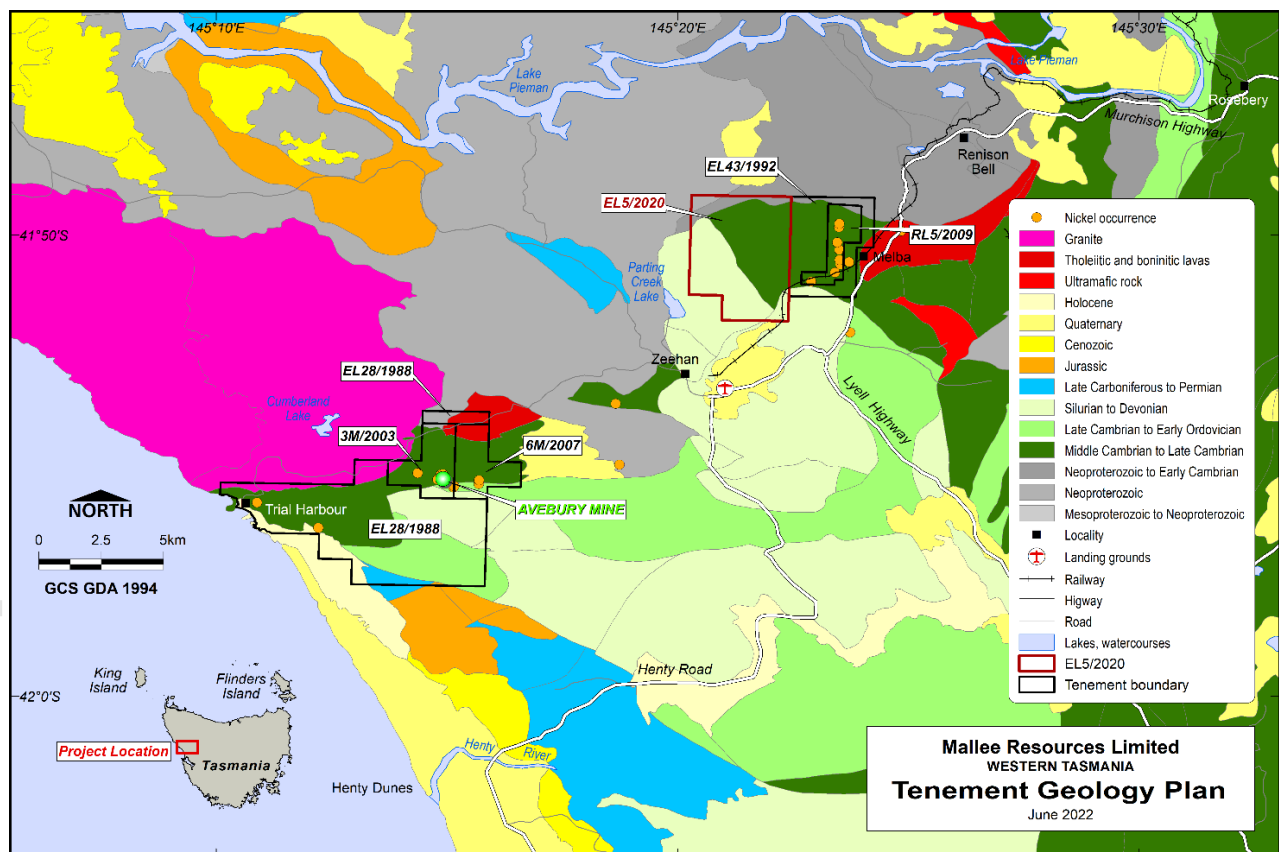


Figure 2: Project regional geology, western Tasmania

The Tyennan and Rocky Cape regions are the oldest rocks in western Tasmania, comprising shallow marine sequences of cross-bedded quartz arenite, quartz siltstone, shale and minor carbonate with an inferred Early Neoproterozoic depositional age of c. 1000–750 Ma. Except perhaps for the western part of the Rocky Cape region, these Proterozoic units were disrupted and multiply deformed in the Early–Middle Cambrian Tyennan (Delamerian) Orogeny, although metamorphic grade is only locally above greenschist facies and large areas are essentially unmetamorphosed. During this event, a thrust sheet of boninitic, tholeiitic, ultramafic and

sedimentary rocks, the remnants of an oceanic forearc, was emplaced, probably from the east, during an arc-continent collision. The collision was followed, in the Middle to Late Cambrian, by eruption of the mainly felsic, calc-alkaline Mount Read Volcanics.

From the Late Cambrian to Early Devonian, a thick succession of conglomerate and shallow-marine shelf deposits (the Wurawina Supergroup) was deposited. In the Middle Devonian, polyphase folding was accompanied or followed by widespread intrusion of mid-Palaeozoic granites. These share many characteristics with Lachlan Orogen granites, but in Tasmania there is an unusually high proportion of fractionated granites. The granites are an important source of the mineral wealth of western Tasmania, as fluids derived from them were responsible for major tin, tungsten and base metal deposits within, adjacent to, and more distal to the intrusions.

2.4.2 Project Geology and Mineralisation

The Avebury nickel deposit is hosted in an ultramafic body (part of the McIvor Hill Mafic-Ultramafic Complex) located within a sedimentary sequence comprising volcanoclastic turbidites (the Crimson Creek Formation) that appears to grade laterally into a complex volcano-sedimentary sequence of polymictic conglomerates and breccias, carbonates, calc-alkaline volcanics and volcanoclastic sediments which may represent the Lower Dundas Group of Cambrian age (Figure 3). The sedimentary sequence is overturned and south facing.

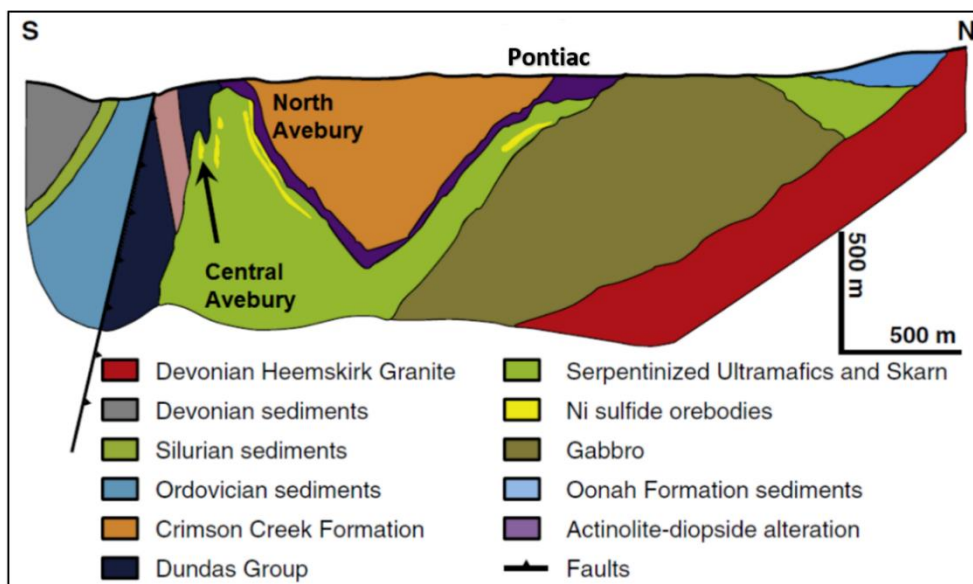


Figure 3: Schematic cross section through the Avebury mine sequence geology
Source: Modified from Keays and Jowitt (2012)

Near the deposit, the ultramafic body strikes east–west for about 2 km and generally dips steeply to the south. The body shows complex geometry with respect to the host sequence and thickens considerably with depth to a width more than 500 m. The ultramafic unit extends from Trial Harbour on the west coast in a sinuous fashion towards Avebury and then discontinuously towards the north, fragmented by faulting. Because of folding of the host sediments, the ultramafic body does not crop out where fold axes plunge below the surface; its extent can be followed by its magnetic response. Much of the ultramafic body is located 50–100 m below surface in the vicinity of the Avebury mine.

The ultramafic body at Avebury consists of serpentinised and metasomatised peridotite or dunite cumulates, both concordant and discordant to bedding of the enclosing Crimson Creek Formation sediments. Margins of the ultramafic body are frequently brecciated, with numerous protrusions extending into the overlying volcano-sedimentary sequence and xenoliths of volcano-sedimentary rocks incorporated into pervasive calc-

silicate altered mafic-ultramafic rock on the contact. The calc-silicate altered margin ranges from 1 m to 10 m in width.

The mineralisation is hosted primarily in a carapace in what appears to be a structural doubly plunging folded contact between the ultramafic rocks and the overlying sequence of Crimson Creek Volcanics. Mineralisation at Avebury was focused along the ultramafic-host sequence contact, but lenses of mineralised rock are also present within the ultramafic body. Ore assemblages are associated with two distinct gangue mineralogies: dark green to black serpentinised ultramafics with minor disseminated chromite and magnetite (mine rock type SERP), and pale green, intensely metasomatised skarn assemblages dominated by amphibole, clinopyroxene and magnetite (mine rock type SKSP – Figure 4). Of the total 2013 Mineral Resource, 60% is hosted in the SERP rock type and 40% in the SKSP rock type.

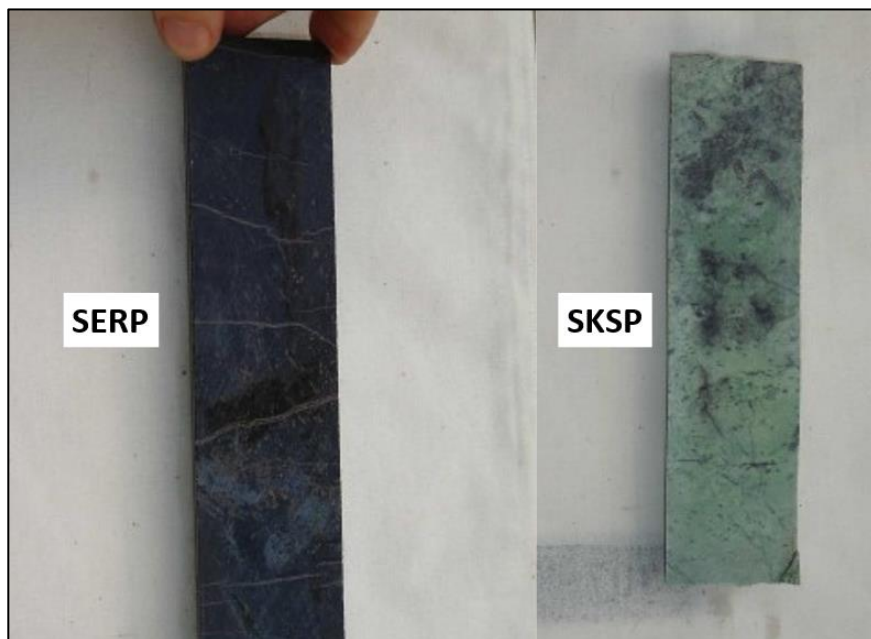


Figure 4: Photographed drill core, characteristic Avebury mafic-ultramafic host lithology types

Mineralisation at Avebury consists of veins and coarse-grained disseminations of sulphides that can be hosted by both SERP and SKSP lithologies. The sulphide assemblage is dominated by pentlandite (Fe,Ni)S with minor pyrrhotite FeS and millerite NiS, and variable amounts of niccolite NiAs, gersdorffite NiAsS and maucherite Ni₁₁As₈. The gangue assemblage is magnetite rich, with up to 18% magnetite in both SERP and SKSP assemblages.

Grades of mineralised SERP and SKSP range from 0.4% Ni to 4% Ni, with an average of about 1% Ni at a cut-off grade of 0.4% Ni. Arsenic levels within the ore range from 200 ppm to 650 ppm, with an average of about 400 ppm. The assay results would report total nickel in the rock, including speciation of nickel that is silicate/oxide hosted and therefore metallurgically non-recoverable. MMG delineated the nickel mineralisation using a cut-off grade of 0.4% Ni following statistical analysis and based on geological observation. This nickel grade was deemed to represent the natural cut-off grade between mineralised (recoverable sulphide nickel dominant) and non-mineralised (non-recoverable silicate/oxide nickel dominant) material. Records indicate that olivine/serpentine in the SERP/SKSP can contain approximately 0.17–0.30% Ni and magnetite 0.15–0.20% Ni. The nickel in magnetite occurs as microscopic pentlandite inclusions. A final small amount of nickel is also locked in the pyrrhotite either as a solid solution interchanged with iron within the pyrrhotite mineral lattice, or as microscopic inclusions of pentlandite enclosed within the pyrrhotite. Solid solution nickel in pyrrhotite will not be recoverable, while micro pentlandite inclusions will require very fine grind to liberate the grains and make them available for flotation.

Therefore, nickel recoveries are moderate compared to most sulphide operations, with up to 20% of the nickel reporting to the tails locked in magnetite alone. Detailed speciation studies (QEM*SEM, MLA, etc.) on nickel deportment across the range of host rocks and mineralisation styles as part of a geometallurgical model alongside the Mineral Resource model would increase confidence in scheduling of mill throughput and the ability to maximise recoveries.

Mineralised zones in the ultramafic body vary in true width from 1 m to 40 m and average around 10 m. Mineralised lenses are generally around 50–600 m in length and can extend over 400 m down dip. Lenses are generally sub-parallel to the contact with the overlying volcanic complex, although there is some suggestion of structural control of internal lenses either on fold axial planar schistosity or within high-strain shear structures. The lenses anastomose and pinch and swell in an irregular and unpredictable manner.

Figure 5 shows a diagrammatic longitudinal section of the defined Mineral Resource before and after a drilling program in 2010 which was designed to extend the resource to guide future development. The total strike length of mineralisation depicted is about 2.5 km. The drilling program was successful in delineating an additional 4.8 Mt of mineralisation in the East Avebury area and 2.5 Mt in the Avebury and Viking areas.

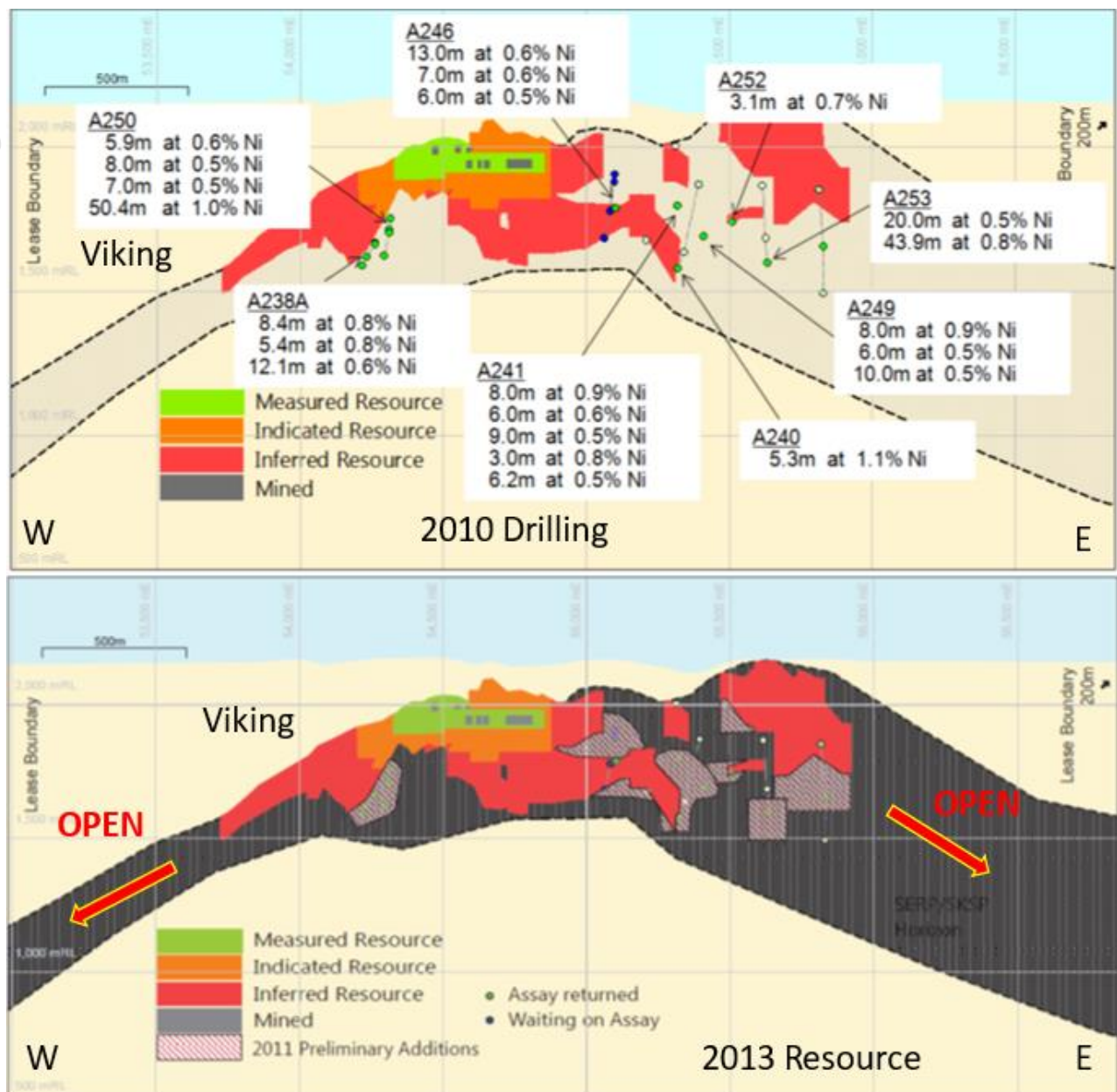


Figure 5: Longitudinal section of Mineral Resource

Note: Measured Mineral Resources have been reclassified as Indicated Mineral Resources in 2022 (refer to Section 2.5.1).

2.4.3 Mineral Formation Model

Mineralisation in the Avebury ultramafic body was formed by the influence of metasomatism caused by the effect of volatile phases resulting from the intrusion of the Late Devonian Heemskirk Granite which crops out 1–2 km to the north of the Avebury deposit. It is generally believed that the Avebury deposits are hydrothermal in origin, where the nickel was derived by alteration of nickel-bearing silicates during serpentinisation. It has been suggested by some researchers that a possible alternative origin of the nickel is from (unseen) magmatic sulphides at depth, but this model is debatable. The simplest model for the formation of the sulphides is that fluids rich in tin-arsenic-copper-bismuth-tellurium-zinc percolating off the Heemskirk Granite and within hydrothermal meteoric water cells around the hot granite filtered through the ultramafic sequence and leached the nickel from the ultramafic olivine-rich silicate rocks. This leachate was then precipitated as nickel-arsenic-sulphur (\pm copper, bismuth, tellurium, tin, zinc, and other non-typical magmatic nickel sulphide elements) at the redox boundary between the ultramafic unit and the overlying

Crimson Creek Volcanics as the fluid chemistry was altered in the passage from the ultramafic to the volcanic units.

2.5 Mineral Resources

2.5.1 Current Mineral Resource Statement

CSA Global was engaged by Mallee in April 2022 to revise the reporting of the Avebury deposit's Mineral Resource estimate in accordance with the current edition of the JORC Code. The Mineral Resource estimation work was carried out by MMG Limited in 2011 and reported in accordance with the JORC Code in 2013, and no drilling has been undertaken since.

CSA Global has reviewed the work undertaken by MMG, undertaken a review of (and amended) the classification approach, checked the depletion, completed an assessment of reasonable prospects for eventual economic extraction (RPEEE), and revised the reporting of the Mineral Resource in accordance with the JORC Code. The Mineral Resource estimate is shown in Table 3, as reported to the ASX by Mallee on 8 April 2022.

Table 3: Mineral Resource estimate, reported from all blocks within Ni >0.4% envelope

Mineral Resource classification	Tonnes (Mt)	Ni (%)	Co (ppm)	As (ppm)
Indicated	8.7	1.0	244	378
Inferred	20.7	0.8	223	297
Total	29.3	0.9	229	321

Notes:

- Due to the effects of rounding, the total may not represent the sum of all components.
- All resources are quoted as total nickel. A nickel recovery of 75–80% is expected using conventional flotation processes.

Mineral Resources have been classified based primarily on drill spacing, with due consideration of the data quality and style of mineralisation. The approximate drill densities were:

- Indicated – from <25 to 50 m(E) and from <40 to 60 m(RL)
- Inferred – from 50 to 100 m(E) and from 60 to 100 m(RL).

No Measured Mineral Resources have been reported based on the significant short-range grade and geological variability, and some uncertainty regarding the precision and accuracy of the XRF (x-ray fluorescence) data.

CSA Global considers that underground development within the mineralisation and additional drilling will be required to support the classification of any Measured Mineral Resources.

The following discussion compares the 2022 reclassified Mineral Resource estimate to the 2013 Mineral Resource estimate which was the basis for the previous Ore Reserves also declared in 2013.

The 2013 wireframes were unchanged in the 2022 reclassified model, and were generally extrapolated 25–50 m. In areas that are less densely drilled, wireframes were extrapolated up to 100 m.

Classification of the estimate was based primarily on drill spacing, with consideration of the style of mineralisation. Wireframes were modelled to capture the areas with sufficient drilling to be classified as Measured and Indicated Mineral Resources, in 2013 and Indicated and Inferred in 2022.

The approach used for Mineral Resource classification was considered reasonable for 2013 but the Mineral Resource has since been reclassified by CSA Global in 2022 (Table 3). MMG used a drilling density of approximately 25 m(E) and less than 40 m(RL) in the central deposit region to support the Measured Resource classification in 2013. Measured Mineral Resources were supported by geological mapping completed during mine development. CSA Global's review in 2022 indicated that there was too much uncertainty in the significant short-range grade and geological variability to support a Measured classification, and some

uncertainty regarding the precision and accuracy of the XRF data. CSA Global considered that underground development within the mineralisation and additional drilling would be necessary before the classification of Measured Mineral Resources could reasonably be supported.

For purposes of the 2013 Mineral Resource classification wireframes, the approximate drill densities were:

- Measured – less than 25 m(E) and less than 40 m(RL) – these were classified as Indicated in 2022
- Indicated – 25–50 m(E) and less than 60 m(RL) – these remain Indicated in 2022
- Inferred – less than 100 m(E) and less than 100 m(RL) – these remain Inferred in 2022.

Underground drill hole paths are subject to some uncertainty. Given the lack of real downhole data, hole paths should be considered approximate.

The nugget effect for nickel in the variography is moderate to high, ranging from 15% to 45%. Significant short-range grade and thickness variability is evident within the nickel mineralisation zones. Significant smoothing is evident when comparing block grades to drill hole grades. The grade and thickness variability were not studied in detail; however, visual inspection of the mineralisation indicates that there is likely to be significant Mineral Resource risk if a dense drill pattern was not achieved prior to mining on zones currently classified as Indicated or Inferred.

The assay results would report total nickel in the rock, including speciation of nickel that is silicate/oxide hosted and therefore non-recoverable. MMG delineated the nickel mineralisation using a 0.4% Ni cut-off grade following statistical analysis and based on geological observation. This nickel grade approximates the natural cut-off grade between mineralised (recoverable sulphide nickel dominant) and non-mineralised (non-recoverable silicate/oxide nickel dominant) material. MMG records indicate that olivine/serpentine in the SERP and SKSP can contain approximately 0.17–0.3% Ni and magnetite 0.15–0.2% Ni. The nickel in magnetite occurs as microscopic pentlandite inclusions. A final small amount of nickel is also locked in the pyrrhotite either as a solid solution interchanged with iron within the pyrrhotite mineral lattice, or as microscopic inclusions of pentlandite enclosed within the pyrrhotite. Solid solution nickel in pyrrhotite will not be recoverable, while microscopic pentlandite inclusions will require very fine grind to liberate the grains and make them available for flotation.

Therefore, nickel recoveries are low compared to most sulphide operations, with up to 20% of the nickel reporting to the tails locked in magnetite alone. Detailed speciation studies (QEM*SEM, MLA, etc.) on nickel deportment across the range of host rocks and mineralisation styles as part of a geometallurgical model alongside the Mineral Resource model could increase confidence in scheduling of mill throughput and maximise recoveries.

MMG delineated high-grade arsenic zones using a cut-off grade of 300 ppm. No high-grade cuts were applied to the nickel, cobalt, sulphur, iron oxide or magnesium oxide data. Arsenic samples outside the high-grade arsenic domains were cut to 5,000 ppm.

Metallurgical testwork was completed for the Measured and Indicated Mineral Resources. Some testwork was also completed on samples within the Inferred Mineral Resource. Standard variability, comminution, grinding and flotation testwork were completed. Testwork was also completed on bulk samples sourced from selected mineralisation types.

An assumption was made in the Mineral Resource estimate that it would be possible to optimise scheduling to blend production so that concentrate arsenic levels will not reach levels that would render the product unsaleable.

Bulk density measurements were made using water displacement methods. The core that was used was not sealed due to the low porosity of the samples. The density measurements were plotted against elemental compositions to determine regression formulae for serpentinised ultramafic (SERP) and ultramafic skarn

serpentinite (SKSP) rock types. CSA Global considers that the parametric approach for density is reasonable; however, without the raw density data the formulae cannot be validated.

No assumptions regarding minimum mining width, internal dilution or other mining factors were applied in the Mineral Resource modelling documented by MMG. There was no evidence of underground mapping from development drives used to support the Mineral Resource modelling, or of any reconciliations used to validate the Mineral Resource model. Inspection of the interpreted nickel wireframes indicated a horizontal width of 4 m was loosely adopted; however, there were some wireframes less than 1 m in thickness. These would have been excluded by the stope optimiser during the mine design phase to generate Ore Reserves.

The Mineral Resource block model was not reconciled with the 2008–2009 production results.

In the 2008 drilling assay data only, there was a suggested over-estimation of nickel grades by 6% for the >0.2% nickel data and an under-call of arsenic grades by 21% for the >100 ppm arsenic data. This appears to not have been considered in the Mineral Resource modelling. A similar albeit less significant bias was apparent in the 2006 and 2007 datasets.

Based on the information available, CSA Global in 2022 considered that the sensitivity of the Mineral Resource estimate to assaying errors for arsenic was likely to be within the error margin of the Mineral Resource modelling since they related to arsenic grades around the limit of detection (where, by definition, the precision is poorer) for a subset of the data. However, based on the analysis of the 2010 MMG data, CSA Global was of the view that the consequences of assaying errors for arsenic and nickel on the Mineral Resource estimate could not be determined without further work. The subsampling and assaying quality assurance procedures and the quality control data checks indicated that overall, the data available and procedures used were reasonable for Mineral Resource estimation but that some uncertainty exists, as identified in studies done by MMG on the 2010 data.

Consideration was given to whether it was potentially necessary to downgrade the Measured Mineral Resource to Indicated in the absence of studies that addressed some assaying quality control issues, explicitly defined mining assumptions, and validation of the estimates using underground mapping and reconciliation. CSA Global concluded while the Indicated and Inferred classifications were reasonable and well supported, downgrading the material considered to be Measured in the 2013 estimate was appropriate. However, on balance, CSA Global considered that downgrading the Measured material to Indicated had no material consequences for the mine plan, except to highlight that further work was potentially going to increase confidence in more detailed scheduling of short-term mining production.

In CSA Global's opinion, any future Mineral Resource modelling should include investigation into the assaying accuracy and precision, and a review of the biases observed in the earlier 2008 assays. If the 2008 XRF assaying errors cannot be resolved, a sensitivity study may demonstrate the impact of these data on the Mineral Resource and Ore Reserve.

CSA Global does not, however, expect this to be material in the context of redeveloping the mine, given various alternative strategies that could be adopted for mining ore and producing concentrate.

2.6 Mining

In September 2014, CSA Global prepared an Independent Technical Assessment Report on the Avebury Nickel Project to be included in a prospectus for Avebury Nickel Mines Limited, which was to be lodged with the ASIC. As part of the 2014 Technical Assessment, CSA Global reviewed aspects relevant to mining and processing of the Avebury orebody; this review included a site visit. The factors previously considered are summarised below. The mine was placed in care and maintenance in 2009, and the project has remained dormant since that time and remained on care and maintenance. Mallee Resources began underground rehabilitation and development mining in April 2022. CSA Global confirms that the Ground Control

Management Plan is in place at the Avebury nickel mine and a signed copy is available for review. A review of installed ground support was conducted in May 2021, which included:

- A pull testing campaign throughout the mine conducted by DSI and Operational Geotech's
- Sampling and testing of mesh in corroded and non-corroded areas to establish a trend of mesh performance
- Inner bolt video footage to assess the depth of corrosion and the integrity of installed support.

Mallee personnel explained plans to extend the rehabilitation decline works. The much-improved decline road maintenance was noted underground by the Chief Inspector.

The following underground areas were inspected by the Chief Inspector of Mines and Mallee personnel on 2 May 2022:

- UG Decline
- UG Explosive Magazine
- UG Detonator Magazine
- Refuge Chamber (Strata – 6 person)
- Pre-drilled heading ready for charging
- Escapeway A1900_ESC721
- Surface ROM. (The area beyond surface ROM where the site proposes to draw waste to backfill Open stopes underground)

A few actions were raised on the day of the inspection; The mine was required to provide WorkSafe Tasmania with an action timeline of works.

The site visit conducted by CSA Global in December 2020 did not include the underground workings described in this section.

2.6.1 General

The Avebury nickel mine in western Tasmania is back into operational mode in 2022, with its care and maintenance status lifted by Tasmanian regulatory bodies (Mineral Resources Tasmania, WorkSafe Tasmania and EPA Tasmania).

CSA Global has viewed the letter of observation made by the Chief Inspector of Mines. The Tasmanian Chief Inspector of Mines visited the Avebury nickel mine on 2 May 2022. The purpose of the visit was to discuss updates on the commencement of mining activity and to discuss health and safety with management and workers.

It is confirmed that the presentation briefly summarised the following information:

- Company(s) and site achievements
- Mine re-start milestones
- Plant refurbishment
- Equipment procurement
- Commercial and administration plans
- Safety and health systems update
- Site opportunities.

Existing infrastructure and mine planning data were presented with an update considering: -

- Underground (UG) existing development
- Existing infrastructure - ventilation
- Existing infrastructure - pumping
- Existing infrastructure - escape rise, refuge chambers, explosive/detonator magazine(s), compressed air, water supply and radio system
- Previous UG production.
- Re-start schedule - years 1, 2 and 3
- Backfill and opportunities.

All safety protocols for the operation of the underground mine are in place. Mining operations commenced in April 2022, with the first development cuts drilled and blasted.

Initial underground development of the Avebury mine commenced in 2004 with an exploration decline of approximately 1,500m in length. This culminated in early 2006 with 6,000 t of ore being produced for testwork. Formal mining began at the end of 2006, with the mining contract being awarded to Barmenco. Stopping began in July 2008 and was ramping up to the targeted production of 75,000 t/month (900 ktpa) when the mine was put on care and maintenance in February 2009 due to depressed nickel prices that came about from the global financial crisis.

Total development of 8,500 m and ore production of 400,000 t was achieved before the mine was put on care and maintenance. Development by month and ore production by month are shown in Figure 6 and Figure 7, respectively.

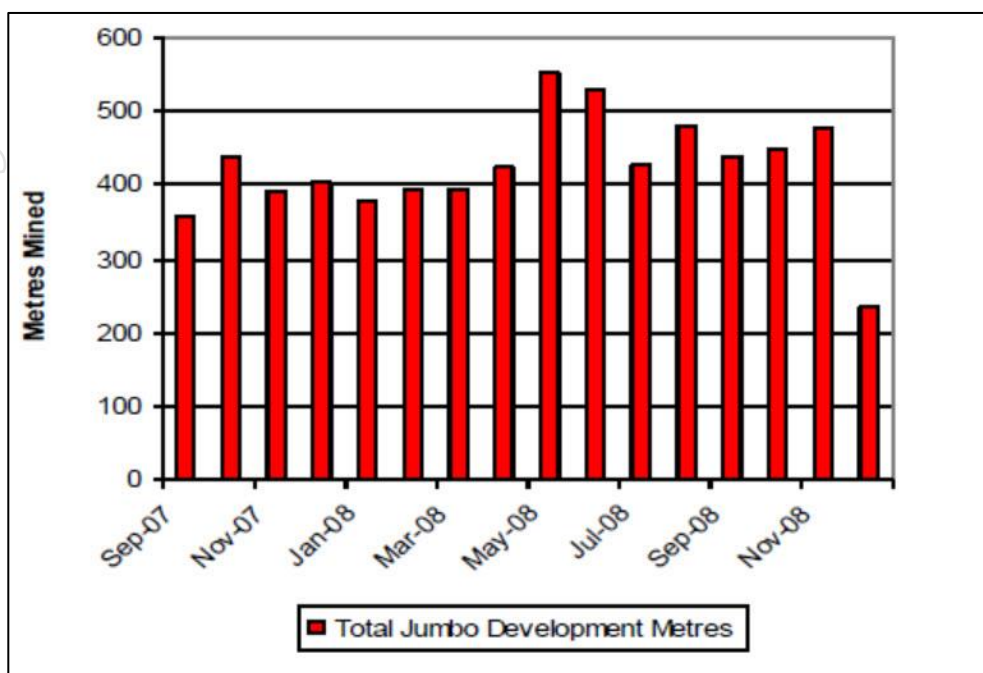


Figure 6: Historical jumbo development metres by month

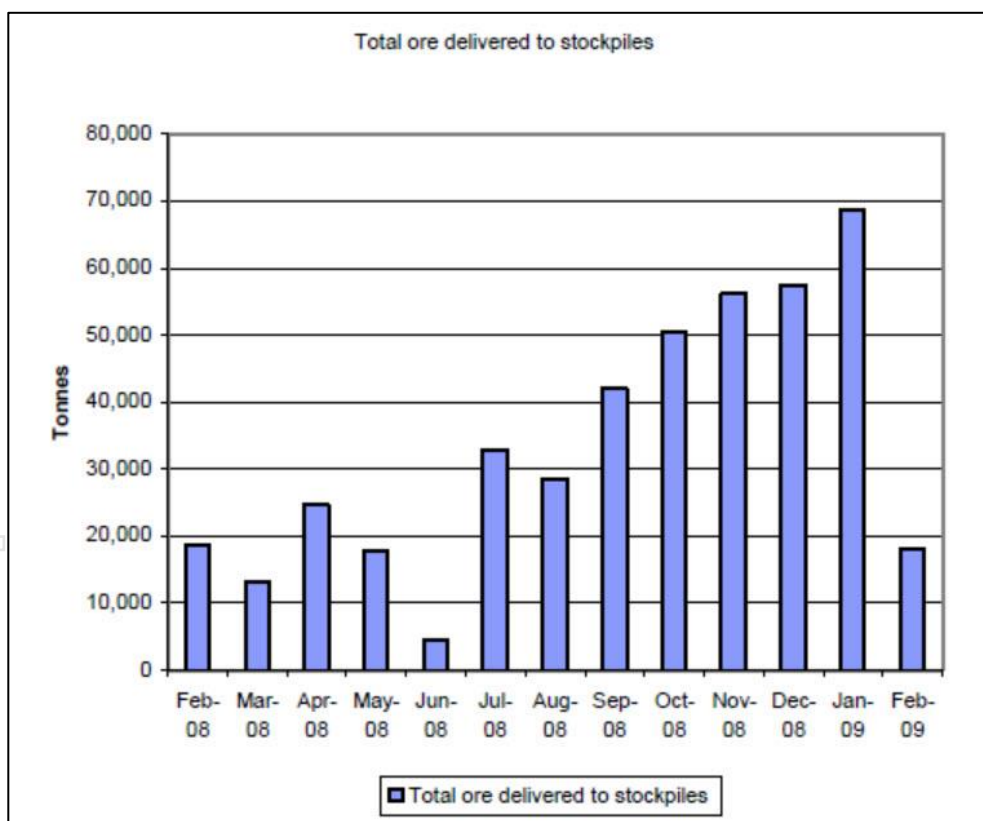


Figure 7: Historical ore production by month

The most recent study by MMG reported the available mining inventory as being 4.6 Mt at 1.18% Ni, as shown in Table 4. The MSO (mineable shape optimiser) stoichiometric optimiser was used to determine mineable stoichiometric tonnes at various cut-off grades, as shown in Figure 8.

Table 4: Available mining inventory at mine closure

Parameter	Value
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Total ore (tonnes)	4,649,326
Ni Grade (%)	1.18
Ni Metal (tonnes)	54,994
Co Grade (ppm)	269
As Grade (ppm)	397
MgO Grade (%)	23

Source: MMG Scoping Study (2011)

The mining inventory was derived using a cut-off grade of 0.89% Ni. The cut-off grade used during operations was 0.7% Ni. No review of this mining inventory has taken place as part of this ITAR.

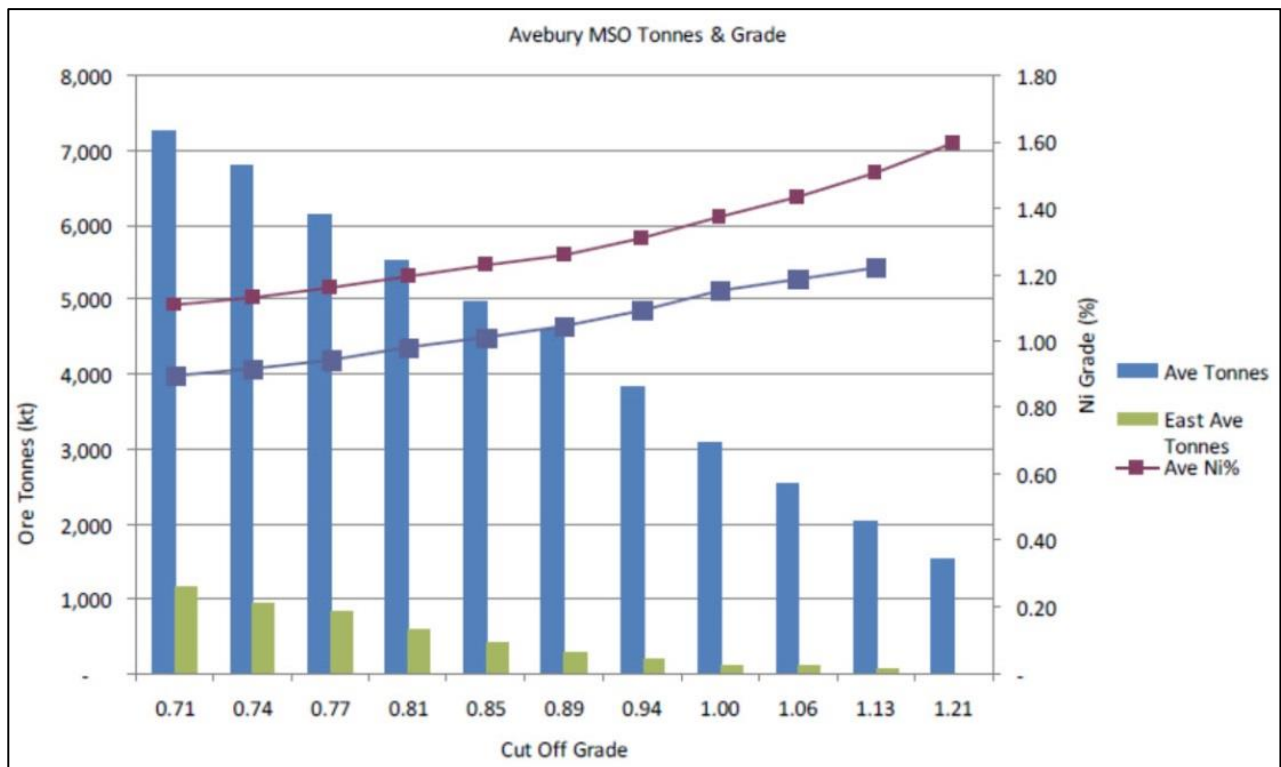


Figure 8: Grade-tonnage relationship using the MSO stope optimiser

2.6.2 Mine Development

The main access to the Avebury mine is a 5.5 mH by 5.0 mW decline which has been developed at a 1:7 gradient. This decline provides access to the Viking, Avebury and Central lenses. The current mine development in place at the Avebury mine is summarised in Table 5, with the status of mine access development by level shown in Table 6.

Table 5: Existing mine development

Type	Advance (metres)
Decline and Incline - waste	2,920
Level - waste	2,167
Level - ore	3,396
Total jumbo development	8,483
Total vertical development (raiseboring)	327

Table 6: Existing mine access development by level

Level	Status of Development
Viking 2025	Incline requires approx. 80 m advance to reach level

Viking 2000	Level 95% complete
Viking 1975	Level 90% complete
Viking 1950	Access completed; no level development
Viking 1925	Access completed; no level development
Viking 1900	Access completed; no level development
Avebury 2000	Incline requires approx. 200 m advance to reach level
Avebury 1975	Level 80% complete
Avebury 1950	Level 95% complete
Avebury 1925	Level 90% complete
Avebury 1900	Access completed; no level development
Avebury 1875	Access requires approx. 60 m advance to reach level
Avebury 1850	Decline requires approx. 100 m advance to reach level

Ground support for the waste development consists of 2.4 m galvanised friction stabilisers with galvanised mesh from shoulder to shoulder. Development intersections are cable bolted. Ground support for the ore drives consists of 2.4 m galvanised friction stabilisers, with galvanised mesh and 6 m twin strand cable bolts where required. There is some (minimal) use of fibrecrete in areas of poor ground and as a cover to seal exposed fibrous material in the development side walls and backs.

A review of installed ground support was conducted in May 2021. This process included:

- A pull testing campaign throughout the mine was conducted by DSI and Operational Geotech's. This pull testing regime tested 37 bolts and took 12 videos inside a selection of split sets to investigate the severity of corrosion and bolt performance. Pull testing results indicated that of the 37 bolts tested, two bolts failed to pull testing due to poor installation, and one failed, giving a pass rate for the testing regime of 94%, which is acceptable and provides an indication that the installed support remains functional.
- Sampling and testing of mesh in corroded and non-corroded areas to establish a trend of mesh performance was undertaken. All support samples taken achieved the welded shear tensile test requirements for the new 5.6 mm weld mesh, apart from sample 1 taken from inside the portal.
- The most heavily corroded sample that was gained from within the vicinity of the portal returned a weld strength of 7.9kN, which is only slightly below the weld shear standard of 8kN. This indicates that although heavily corroded, the mesh maintains 98% of its integrity. From this information, it can be concluded that while there is no immediate requirement for remediation in the upper sections of the decline, the wetter areas are at an advanced stage of corrosion and will require remediation.
- A support plan was generated and provided to Avebury mine for remediation on 22 May 2022.
- Inner bolt video footage to assess the depth of corrosion and the integrity of installed support.

2.6.3 Mine Production

Mallee has commenced development activities at the Avebury operations, with the current preliminary schedule running from July 2022 to August 2023. Mallee provided Excel-based information (Avebury_Budget_2022_23_Rev_C_Finance) stating the summary of mining physicals. More work is required to upgrade the Indicated Mineral Resources to Measured Mineral Resources, which may potentially increase mining activities by several years. Further communication via email stated that the underground equipment needed to achieve the planned production is as follows:

- 2 × Sandvik twin boom jumbos
- 2 × Sandvik long hole drill rigs
- 4 × Sandvik LHD (load-haul-dump) units (2 will be fitted with remotes)
- 4 × Sandvik 60t UG (underground) trucks
- 2 × Normet charge-up units

- 2 × Cat IT (Integrated tool)
- 1 × Cat Grader.

Development mining is planned at a rate of 180 m/month in the first 9 months and then ramping up to 380 m/month.

Production drilling is scheduled at the rate of 250 m/day and bogging of ore tonnes is scheduled at a rate of 2,465 t/day.

Backfilling activities will require ~ 957 t/day of waste rock.

The stoping method used at Avebury is predominantly transverse open stoping using primary cemented rock fill (CRF) and secondary (rock fill) stopes. In the narrower sections of the orebody, longitudinal stoping was used. Mine stoping panels comprised three levels and were mined bottom-up with either CRF or unconsolidated rock fill (URF) being used. A total of 10 stopes were mined before the operation was put on care and maintenance.

Figure 9 is a pictorial representation of the mine layout showing decline access, mine development drives and stoping blocks.

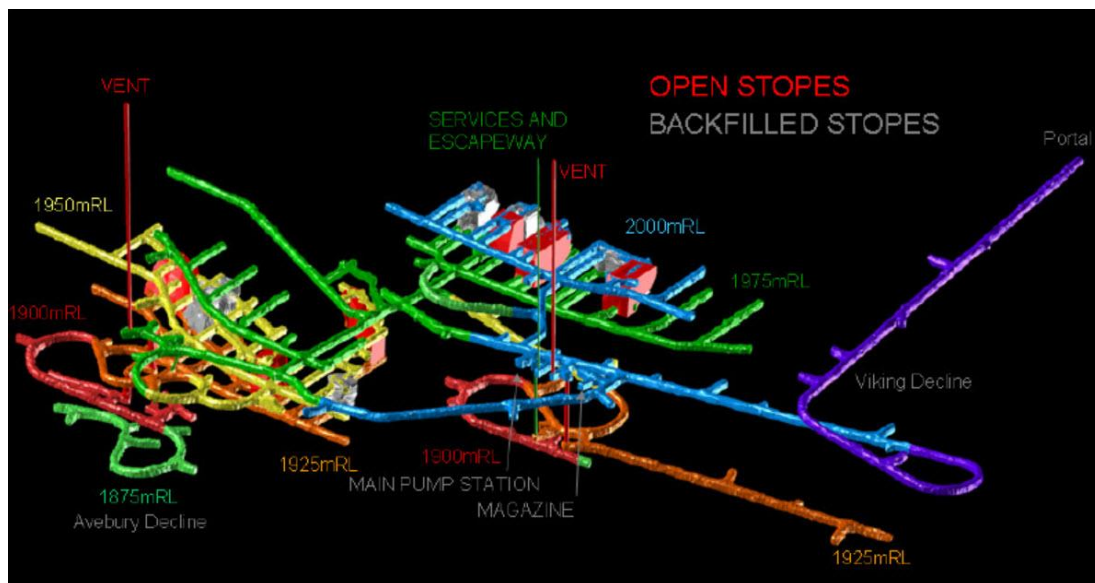


Figure 9: Mine layout

At mine closure there were 64,900t grading at 0.96% Ni, drilled and broken ore stocks remaining underground. These are summarised in Table 7.

CSA Global's site visit in 2014 noted that all the development that was inspected had been completed to a high standard, stope voids that were observed had not suffered any serious failures despite being left open for up to five years at the time. A recommendation was made that before recommencement of the operation, a mine-wide-wide geotechnical review is conducted to prioritise any remedial work required. CSA Global understands that the open stopes are still in good condition despite the 13 years that have elapsed since the mine closure, and the Company has been conducting the requisite geotechnical studies progressively. There appears to be minimal deterioration and the voids have remained open. Activities around the void should adhere to underground protocols, signage and geotechnical inspections.

At recommencement of mining, drilled and broken stocks of 64,900 t grading at 0.96% Ni and 574 ppm As are readily accessible. The drilled stocks may require some drill holes to be cleared but there should be a minimal delay to stoping these areas if this was required. More significantly, the V1975 level has exposed approximately 800,000 t (MMG Closure Report, 2009) of ore that requires minimal development and drilling

to become available for stoping. This level alone represents significant tonnes that would be available on the recommencement of the operation. While no grades are available for this level it is described in the same report as “most of the ore is high in arsenic, particularly the western areas which are also high in nickel”.

Table 7: Summary of drilled and broken ore stocks not yet hoisted

Stope	Tonnes	Nickel grade (%)	Arsenic grade (ppm)	Comment
A1950 - 472 NA	8,500	1.14	136	Drilled stocks
A1950 - 470 SA	6,000	0.81	75	Drilled stocks
A1950 - 478 NA	4,500	0.87	144	Drilled stocks
V2000 - 454 VN	12,500	0.91	764	Drilled stocks
V2000 - 454 CH	10,100	1.28	296	Drilled stocks
V1975 - 454	15,000	0.80	1,000	Broken stocks
V1975 - FWD	8,300	0.90	900	Broken stocks stoppe (source unknown)
Total	64,900	0.96	574	

The drilled and broken stocks, developed stocks and exposed levels allow ore development to recommence with minimal delay and represent significant ore tonnes for relatively rapid recommencement of mine production. The main caveat to this is the arsenic grade in both these sources. A detailed schedule of these readily available areas would be required to assess both the nickel and arsenic grades. The acceptability of these grades would need to be reviewed in conjunction with the overall milling strategy for recommencement of mining.

2.6.4 Geotechnical

Numerous geotechnical studies and reviews were undertaken before, during and after the mine operations. The last review was undertaken by Australian Mining Consultants (AMC Geotechnical Study, 2010).

This assessment found that:

- AMC ground support designs from the review are “confirmation of the current ground support installed in development.”
- Limited rehabilitation is required to recommence production.
- “A back analysis of four previously mined stopes was used to validate the method for the proposed stoping. The results indicated that without the influence of faults or undercutting from underground development, the rock mass performed generally as expected from the Matthews Stability Graph method.”

The findings from the AMC geotechnical assessment confirm the observations that were made during CSA Global’s 2014 site visit. Mallee confirms that this is currently still the case.

CSA Global understands that Mallee recommenced underground operations (rehabilitation and development mining) at the Avebury mine in April 2022, following a complete geotechnical assessment being carried out. CSA Global notes that the mine will require regular rehabilitation activities and inspection of old and new workings, longstanding stoppe voids are present for 13 years and will be required to be documented and assessed in the stoppe notes before being drilled and blasted. CSA Global does not anticipate that this will present any significant delay in the recommencement of mining and stoping activities. The Ground Control Management Plan is in place at Avebury nickel mine and a signed copy is available for review. A review of installed ground support was conducted in May 2021. The operational Geotech's investigation report done in May 2021 concluded that the ground support installed at Avebury remains functional and fit for purpose. A section of highly corroded surface support near the portal will require remediation as a further time-dependent deterioration table. A remediation plan for this area is shown in Figure 10 and should be completed before the commencement of production from the Avebury mine.

The Tasmanian Chief Inspector of Mines visited the Avebury nickel mine on 2 May 2022. The purpose of the visit was to discuss updates on the commencement of mining activity and to discuss health and safety with management and workers. A few actions were raised on the day of the inspection, and the letter also commented on the action timeline of Work agreed to be provided to WorkSafe Tasmania. (More detail is provided in Section 2.6.1).

The mining plan for the operation called for the use of waste rock to fill the voids created by stoping. In the wide sections of the orebody where transverse stoping was used, the primary stopes were to be filled using cemented rock fill (CRF) and the secondary stopes were to be filled with unconsolidated rock fill (URF). In the narrower sections of the orebody, longitudinal stoping was to be used, followed by CRF, URF or by leaving rib pillars and open voids.

While the use of CRF and URF is more favourable, there are other considerations. The mine will not produce enough waste material from waste development alone to satisfy the fill requirements of the mine. A study (MMG Options Study, 2009) estimated there would be a waste shortfall of 1 Mt over the life of the operation and that if the use of CRF and URF was continued, this material would need to be sourced elsewhere. An estimate of the cost for this waste was \$3/t to \$5/t. No details of the source of this material were given.

The other consideration is the limited capacity of the tailings storage facility (TSF) at Avebury. The use of paste fill would greatly reduce the volume of tailings storage requirement and therefore the size and timing (and subsequent cost savings) of new TSFs.

In the short term, backfilling of mined stopes could continue using CRF and URF. A new study undertaken in the longer term should present no impediment to the rapid recommencement of mining.

CSA Global recommends that a new study be undertaken in the longer term to review the possibility of using paste fill or an alternative such as deslimed tailings for backfilling purposes. If these options cannot be justified, then the continued use of CRF and URF in the longer term would be dependent on a suitable supply of waste material being found.

2.6.6 *Underground Infrastructure*

Power

The underground power reticulation has not changed since the mine was placed on care and maintenance. The power is sourced from the 22 kV substation next to the administration building. This is fed to the substation at the water storage dam and then via a ring feed to a 22 kV/11 kV transformer. The 11 kV is then fed underground through a series of boreholes as well as to the surface rise sites to feed the surface fans and compressors. The substation (1 MVA 11 kV/415 V) for the Avebury exhaust fan failed shortly after mine closure and was repaired before mining on the Avebury side was recommenced.

The underground 11 kV feed supplies:

- the main pump station in Viking decline (1 MVA 11 kV/1 kV)
- the Viking Substation (1 MVA 11 kV/1 kV)
- the Avebury Substation at A1935 (1.5 MVA 11 kV/1 kV).

The 11 kV distribution is well planned and to be of sufficient capacity for the mine at its current size. No detailed review of the underground 1,000 V distribution has been undertaken; however, CSA Global is of the opinion that the reinstallation or expansion of the low voltage network should not represent an impediment to rapid mine recommencement or ongoing production.

Ventilation

The primary mine ventilation is via two surface exhaust fan installations: one services the Avebury side of the mine and the other the Viking side of the mine.

The Viking installation is a 160 kW Korfman axial fan. This exhaust was supplying 95 m³/s at the V1925 level. This fan is capable of supplying 80 m³/s at much higher pressure than its present loading. The airflow currently available on the Avebury side of the mine is sufficient for mine operations to recommence with no new work required. Indeed, this fan was deemed sufficient to meet the forecast ventilation requirements for another 12–18 months when the operation was put on care and maintenance. The longer-term plan was to replace this fan with a Howden 2260 315 kW axial fan, which is the same as the fan used at the Avebury installation. No information on the anticipated flow of the Howden 2260 fan could be found. The Korfman fan would then be used as a spare.

The Avebury installation is a Howden 2260 315 kW axial fan. The design capacity of the Avebury fan is 130 m³/s at full capacity. It is possible to increase this further to 160 m³/s by increasing the size of the electric motor. Subject to major changes in the mine design or production requirement, this fan seems fit for purpose in the short term.

The combined flow capacity of the two exhaust fans (Korfman and Howden) is around 210 m³/s at maximum capacity. Estimates of the flow requirements from a study by Mining Plus (2011) for the mine are 212 m³/s

for 900 ktpa and 272 m³/s for 1.2 Mtpa with no circuit leakage. Replacing the Korfman fan with a Howden 2260 fan (as per the original mine plan) similar to the Avebury exhaust installation may increase this total flow to 260 m³/s with the option to increase the size of the electric motors on these fans to increase the flow further. It would seem that the plan for two Howden 2260 fans would provide sufficient capacity for a 900 ktpa operation. Ventilation simulation work is required to confirm this and if consideration is given to increasing mine production to 1.2 Mtpa, it is not clear that two Howden 2260 fans would provide sufficient flow for a 1.2 Mtpa operation.

No review of the secondary ventilation requirements has been undertaken.

CSA Global is of the opinion that the state of underground power infrastructure and the general availability of secondary ventilation fans and starters will mean that secondary ventilation should not present an impediment to the rapid recommencement of underground operations.

Figure 11 is a photograph of the newly installed and operational vent fan #2 as of June 2022.



Figure 11: Vent fan #2 installation

Pumping

The main pumping station is in the Viking decline immediately below the junction of the Avebury and Viking declines. This pump station comprises three 106 Mono pumps and has a maximum pumping capacity of 65 L/s. It pumps to the surface via a 200 mm rising main. Average groundwater inflows during the operation were around 20 L/s.

Dewatering from the Avebury side of the mine is via one 103 travelling Mono™ pump pumping to the main pumping station via a 6" steel pipe and dual poly lines. The steel pipe and dual polylines have the capacity for another 103 Mono™ pump if required.

The Viking side of the mine has a travelling Mono™ pump at the V1935 escapeway. This pump is currently pumping to the main pumping station via polylines in the decline. However, there is a steel 6" rising main line that has been installed in the escapeways which has not yet been plumbed into the Mono™ pump. This travelling Mono™ pump can be moved down to the V1880 level when required.

The underground pumping system has been well designed and seems to have been well maintained since the mine closure. The capacity of the main pumping station seems to be well above operational inflow quantities and there is sufficient redundancy built into the system to cater for higher inflows as the mine progresses deeper. The current pumping system required little work before recommencement of operations and the current system and design should be adequate for ongoing operations.

CSA Global has been informed that mine dewatering has been completed. Communication from Mallee confirms this. Document from ERAS FEB 2021 talks about water being directed to the treatment facility for removal of iron and solids with subsequent passage through the settlement pond, oil trap and constructed wetland to remove inorganic nitrogen before flowing into the Waste Storage Dam.

Escapeways.

After 13 years operations have re-started at the Avebury operation. It was crucial to check and inspect the conditions of all escapeways in the mine. CSA Global understands that a risk assessment of the escapeway on the Avebury side of the mine has been completed, and the escapeway has been extended to the A1900 level.

On the Viking side of the mine, the escapeway is installed from the V1930 level through to the surface (via V2000 level). This escapeway is well below the current stoping levels on this side of the mine and does not appear to require any work to allow recommencement of mining to occur.

2.6.7 Summary

During the relatively short operating life of the mine, the achieved physicals have demonstrated that the mining assumptions used for the original mine planning have been realistic and that a production target of 900 ktpa was achievable. Planned jumbo development metres averaged ~400 m per month using two jumbos. Mine production was well on the way to achieving the target of 75,000 t per month before the mine was placed on care and maintenance. Boggie of ore tonnes was scheduled at a rate of 2,465 t/day. The mine infrastructure has been well planned and executed.

The Avebury nickel mine in western Tasmania is back in operational mode, with its care and maintenance status lifted by Tasmanian regulatory bodies.

CSA Global notes the following:

- Mallee commenced mining in April 2022, with the first development cuts drilled and blasted.
- Ongoing geotechnical inspection of the mine should be undertaken to assess the current ground support and identify any areas that require rehabilitation. Any rehabilitation work would be conducted in conjunction with the check scaling of the entire mine.
- Repair/replacement of the Avebury exhaust fan substation and replacement of the fan blades on this same fan has been completed.
- Mallee communicated that the risk assessment of the escapeway on the Avebury side of the mine finishing at the A1960 level has been completed.

2.7 Mineral Processing

2.7.1 Overview

The Avebury nickel mine in western Tasmania is back in operation, with underground activities having started in April 2022. Mallee confirms in the investor presentation published in June 2022 that Avebury's processing infrastructure is in operational condition, with most of the processing equipment housed in sheds to prevent weathering.

The Avebury treatment plant operated between July 2008 and February 2009 before the operation was put on care and maintenance due to low nickel prices. The nameplate processing capacity of the plant was 900,000 tpa, with potential for greater throughput identified. The processing infrastructure is designed to recover 79% of the nickel in the ore to a nickel concentrate, with a nickel grade of around 20%.



Figure 12: Plant infrastructure – grinding and flotation circuits (left); crusher house and fine ore bin (right)
Source: Mallee Investor Presentation June 2022

CSA Global notes that the irregular distribution of arsenic in the ore zones means that management of arsenic levels in ore and concentrate is an ongoing feature of the operation. The arsenic distribution is discussed in Section 2.4.2. Marketing considerations require arsenic levels in concentrate product is maintained within strict limits, and the following discussion of mineral processing addresses this issue.

A summary of the historical monthly production performance is presented in Table 8.

Table 8: Historical monthly reconciliation performance

2008/09	T'put tonnes	Feed Grade		Concentrate Grade			Recovery %	
		% Ni	ppm As	% Ni	ppm As	% MgO	Ni	As
July	17701	0.88	236	21.5	4280	9.8	55.8	25.4
August	55616	1.01	298	21.1	3770	9.3	71.1	46.2
September	61223	1.02	251	18.6	3250	9.9	74.5	36.7
October	64104	0.86	270	22.8	5360	7.8	67.6	31.7
November	64228	0.78	403	14.8	4507	14.1	63.4	35.9
December	70229	0.91	342	13.5	3820	15.5	67.3	46.9
January	64590	1.11	485	13.5	4887	15.4	68.6	44.9
February	39674	1.14	273	16.2	3850	11.1	72.5	50.5

According to MMG, the mill processed 437,365t of ore at 0.96% Ni to produce 17,156 t of concentrate containing 2,990 t of nickel. This contained nickel production was slightly higher than that which could be calculated from the monthly data in Table 8 (2,893 t). The variation may have been due to grade rounding and concentrate reconciliation. On either basis, nickel recovery averaged approximately 70% for the operational period. This compared to a steady-state design value of 79%.

Concentrate grade was initially in line with that expected, being 20–22% Ni and less than 4,500 ppm As. Subsequently, an increase in arsenic in feed led to higher arsenic levels in concentrate. As a result, concentrate was diluted with tailings to control arsenic levels in concentrate to below the limit of 5,000 ppm. This led to lower nickel and higher magnesium oxide (MgO) grades in concentrate.

Arsenic upgrades strongly to concentrate along with nickel. Based on the typical relative upgrade of arsenic and nickel, a future operation with a 20–22% Ni concentrate grade would result in arsenic levels in concentrate often exceeding 5,000 ppm. Operating at a lower concentrate grade, either in the flotation circuit or by subsequent tailings dilution, represents an option to maintain arsenic below the 5,000 ppm limit.

Significant variation of arsenic levels in mill feed was experienced. Some further segregation and blending of high-arsenic ore beyond that practised to date may be required to further reduce feed variation.

CSA Global notes that the processing plant has a nameplate capacity of 900,000 tpa. The plant was unable to achieve design capacity during its short operational period, mainly due to crusher screening problems and poor crusher availability. Increases in the aperture of the bottom screen deck partially addressed the crusher capacity but led to a coarser ball mill feed, with the ball mill capacity becoming a limiting factor. Grinding circuit product sizing also increased relative to design. In addition, problems with the cyclone feed pump capacity contributed to restricting throughput below the design capacity.

Achievement of 900,000 tpa will require screening capacity to be improved.

The ball mill has sufficient installed power to treat 900,000 tpa ore of average work index but does not have capacity to achieve this rate with some of the higher work index ore. Any expansion beyond 900,000 tpa will require additional power input in the milling and/or crushing circuit.

CSA Global understands that Mallee's current work scope for enhancements to the plant is intended to address most of the problem issues identified during the initial operation. It is understood that this work will continue side by side as the primary focus of the Avebury mine is to reach the identified production target and then improve the plant enhancement.

Some of the major items include:

- Screen modifications
- Dust extraction
- Conveyor and chute modifications
- Tramp metal removal
- Fine ore bin isolation
- Cyclone feed pumps
- Ball mill trommel sprays
- Plant monitoring system
- Flotation pH measurement.

2.7.2 Metallurgy

Mineralogy

The main sulphide minerals in the deposit are pentlandite, pyrrhotite with lesser pyrite, chalcopyrite, millerite and nickel arsenides. Mineralogical examination revealed the presence of pentlandite both as coarse particles and also locked in composites with magnetite, non-sulphide gangue and to a lesser extent, pyrrhotite.

The three major arsenic minerals present are niccolite NiAs, maucherite Ni₃As₂ and gersdorffite NiAsS. Arsenic minerals are often associated with the skarn serpentinite (SKSP) ore assemblage. Based on the

presence of these arsenic minerals, bulk flotation will lead to significant upgrading of arsenic as well as nickel to concentrate.

Process Flowsheet

The plant flowsheet is presented in Figure 13.

The mill flowsheet represents a conventional design. Ore is crushed in a 3-stage crusher prior to milling. Flotation concentrate is recovered from a flash cell within the grinding circuit as well as a conventional flotation circuit treating ball mill cyclone overflow. Provision has been made for magnetic separation of the scavenger tailings and regrind of the scavenger and cleaner tails. Concentrate is thickened and filtered prior to dispatch from site.

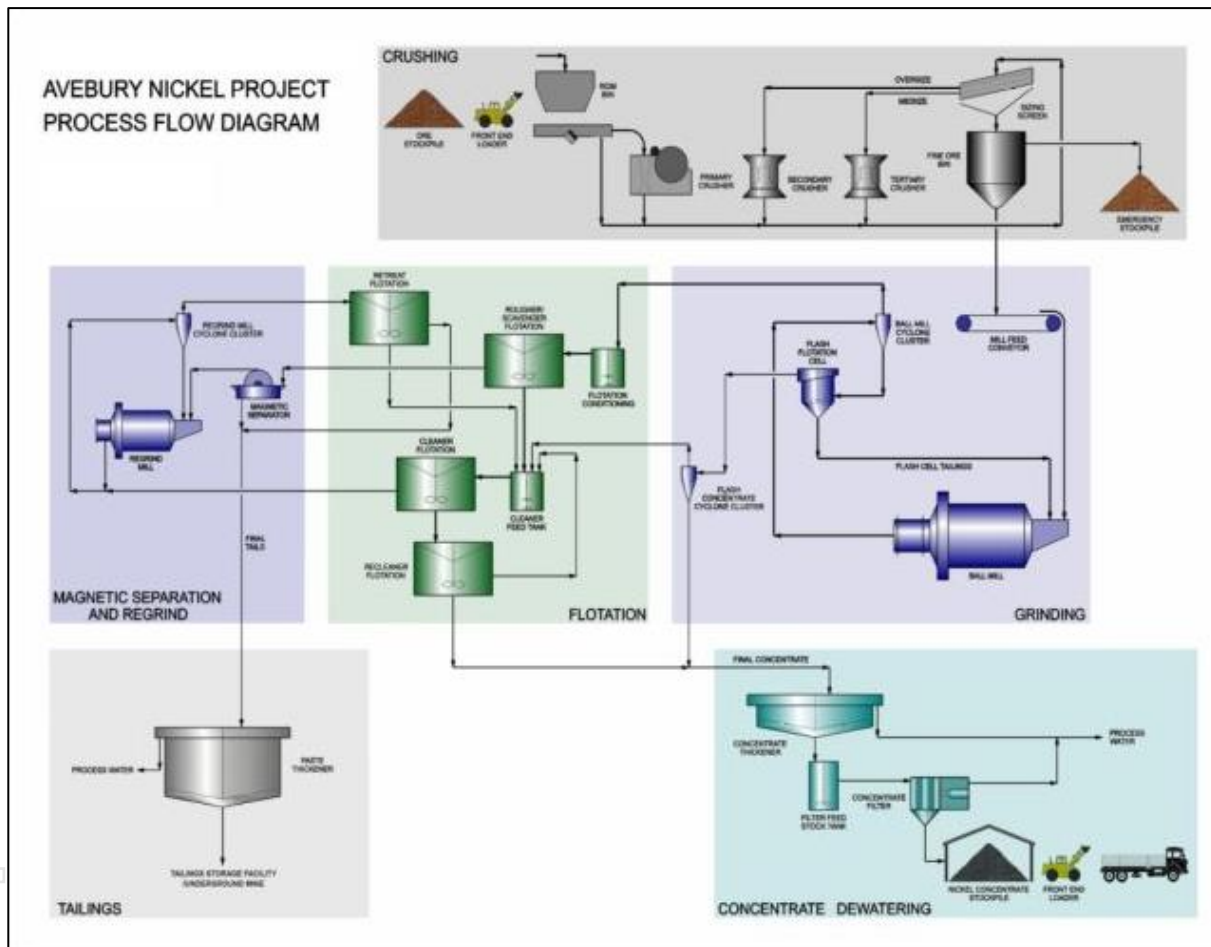


Figure 13: Processing flowsheet

Grinding

The design grind for the plant is a P80 of 100 microns in the ball mill cyclone overflow. To address restricted crushing capacity, the bottom screen deck aperture was increased, which led to coarser ball mill feed. As a result, the actual P80 grind achieved was more typically 110–120 microns.

The ore is relatively hard. The average Bond Mill Work Index from 16 test results averaged 22.3 kWh/t with a standard deviation (StdDev) of 4.5. Sorting the results by ore type indicates the serpentinite (SERP) ore type is significantly harder than the SKSP ore (Table 9), which may be due to alteration.

Table 9: Bond Mill Work Index for ore types

Ore Type	Average test value (kWh/t)	StdDev
Serpentine (SERP)	25.4	1.2
SKSP/SERP	20.5	2.1
Skarn serpentine (SKSP)	17.5	2.5

Flotation

The flotation circuit comprises a flash cell within the grinding circuit for recovery of coarse sulphides, a conventional rougher/scavenger and a cleaner/recleaner circuit. Scavenger tailings is magnetically separated to recover magnetite composites, which together with cleaner tailings, are reground prior to a retreatment rougher flotation with concentrate returning to the cleaner circuit.

Historical reagent usage in the flotation circuit is illustrated by reagent consumptions to December 2008 (Table 10).

Table 10: Flotation reagent consumption (to December 2008)

Reagent	YTD December 2008 (kg/t ore)	Budget (kg/t ore)	% budget
PAX*	0.15	0.35	43%
AEROPHINE®	0.01		
Frother	0.10	0.06	167%
Copper Sulphate	0.21	0.35	60%
Sodium Silicate	1.98	0.85	233%

*Potassium amyl xanthate

AEROPHINE® was trialled as an alternative collector to PAX from mid-November 2008 until mid-January 2009. It was understood to have led to a 10–20% drop in the arsenic levels in concentrate, but with a 2–4% drop in nickel recovery.

According to MMG records, the flash cell within the grinding circuit operated effectively and recovered 40–50% of nickel.

The main flotation rougher scavenger circuit had a design density of 30%, while the plant operational target was 35%. Burnie Research Laboratory recommended a density of 25% solids, having undertaken flotation testwork under these conditions.

The magnetic separation and regrind circuit did not operate successfully as planned. There was no measured increase in recovery when this circuit was in operation. Testwork indicated the reground stream could be upgraded to a grade of 10–12% Ni. It was possible this stream did not report to final concentrate. Given the limited time the circuit was operated, some further operational trials and investigations with this circuit are recommended.

Flotation recovery data for the period from August to early November 2008, following initial commissioning but before dilution of concentrate with tailings, are presented in Figure 14. As expected, plant recovery varied with head grade. Excluding outliers, most plant data lay within a band of $\pm 10\%$ recovery around the trend. Average plant recoveries appeared to be approximately 10% below laboratory recoveries at a comparable feed grade.

Approximately half of the nickel losses in the tails were liberated and in a floatable size range. This suggested initial recovery improvement should be focused on improving recovery of liberated particles.

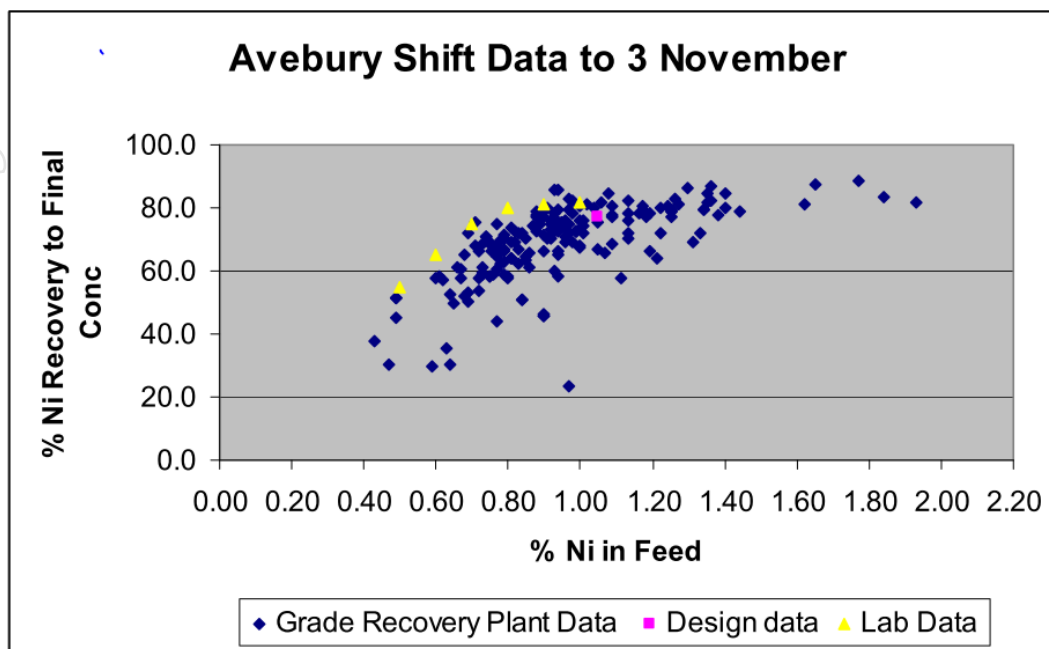


Figure 14: Recovery Data by Shift, August to Nov 3, 2008

As already observed above, arsenic upgraded strongly with nickel to the flotation concentrate. The upgrade ratios for both nickel and arsenic are presented in Table 11, along with other historical operational data. Tailings grades for nickel and arsenic have been calculated based on the reported recovery.

Table 11: Monthly production data, including upgrade ratios

Month	Feed		Conc.		Tailings		Recovery		Upgrade		Upgrade As/ Upgrade Ni	Rec As/ Rec Ni
	%Ni	As ppm	Ni%	As ppm	Ni	As	Ni	As	Ni	As		
Jul-08	0.88	236	21.5	4280	0.40	179	55.8	25.4	24.4	18.1	0.74	0.46
Aug-08	1.01	298	21.1	3770	0.30	166	71.4	46.2	20.9	12.7	0.61	0.65
Sep-08	1.02	251	18.6	3250	0.27	164	74.5	36.7	18.2	12.9	0.71	0.49
Oct-08	0.86	270	22.8	5360	0.29	187	67.6	31.7	26.5	19.9	0.75	0.47
Nov-08	0.78	403	14.8	4507	0.30	267	63.4	35.9	Upgrade ratios impacted by concentrate dilution			
Dec-08	0.91	342	13.5	3820	0.31	190	67.3	46.9				
Jan-09	1.11	485	13.5	4887	0.37	280	68.6	44.9				
Feb-09	1.14	273	16.2	3850	0.33	140	72.5	50.5				

The upgrade ratio for arsenic lies in the range 0.60–0.75 times the nickel upgrade ratio.

It is noted that the ratio of the recovery of arsenic to the recovery of nickel is different to the ratio of the upgrade ratios, whereas they should be equal. This inconsistency in the metallurgical balance for arsenic relative to that of nickel is possibly due to the lower precision for arsenic assays, and further investigation is recommended as the plant operation is ramped up. Assuming the nickel balance determines the split from feed into concentrate and tailings, this ratio may be applied to the arsenic in concentrate and tailings to determine a calculated head grade for arsenic. In Table 12, arsenic recovery was recalculated on the basis of the calculated head. As a result, the ratio of recovery then aligns with the ratio of upgrade ratios. The recalculated ratio of upgrade ratios still generally lies in the range of 0.60–0.75 times.

Table 12: Historical monthly production data, modified from Table 11 using calculated arsenic head grades

Month	Feed Ni%	Calc head As ppm	Conc.		Tailings		Recovery		Upgrade		Upgrade As/ Upgrade Ni	Rec As/ Rec Ni	Feed calc As/ Assay As
			Ni%	As ppm	Ni%	As ppm	Ni	As	Ni	As			
Jul-08	0.88	272.2	21.5	4280	0.40	178.5	55.8	35.9	24.4	15.7	0.64	0.64	1.15
Aug-08	1.01	288.9	21.1	3770	0.30	166.3	71.1	44.4	20.9	13.0	0.62	0.62	0.97
Sep-08	1.02	289.6	18.6	3250	0.27	163.5	74.5	45.8	18.2	11.2	0.62	0.62	1.15
Oct-08	0.86	319.6	22.8	5360	0.29	187.5	67.7	42.8	26.5	16.8	0.63	0.63	1.18
Nov-08	0.78	408.6	14.8	4507	0.30	266.9	63.4	36.9	19.0	11.0	0.58	0.58	1.01
Dec-08	0.91	354.3	13.5	3820	0.31	189.6	67.3	48.9	14.8	10.8	0.73	0.73	1.04
Jan-09	1.11	539.6	13.5	4887	0.37	279.7	68.6	51.1	12.2	9.1	0.74	0.74	1.11
Feb-09	1.14	329.5	16.2	3850	0.33	140.2	72.5	59.6	14.2	11.7	0.82	0.82	1.21
									Conc. dilution may impact data				

Comparison of the calculated arsenic head with the assay head provides some indication of the precision of the arsenic balance. It is seen that for some months the calculated arsenic head was up to 20% higher than the assay head. Some variation between calculated and assay heads for minor elements in a metallurgical balance is not uncommon.

The MMG Metallurgy Review (2010) presented 12-hourly operating data (Figure 15) which provided further context to the question of relative upgrade. The absolute values of the nickel and arsenic upgrade vary with time. This is not unexpected due to changes in feed grade, and also variations in concentrate grade from the cleaning circuit. Arsenic upgrade is seen to closely follow nickel upgrade.

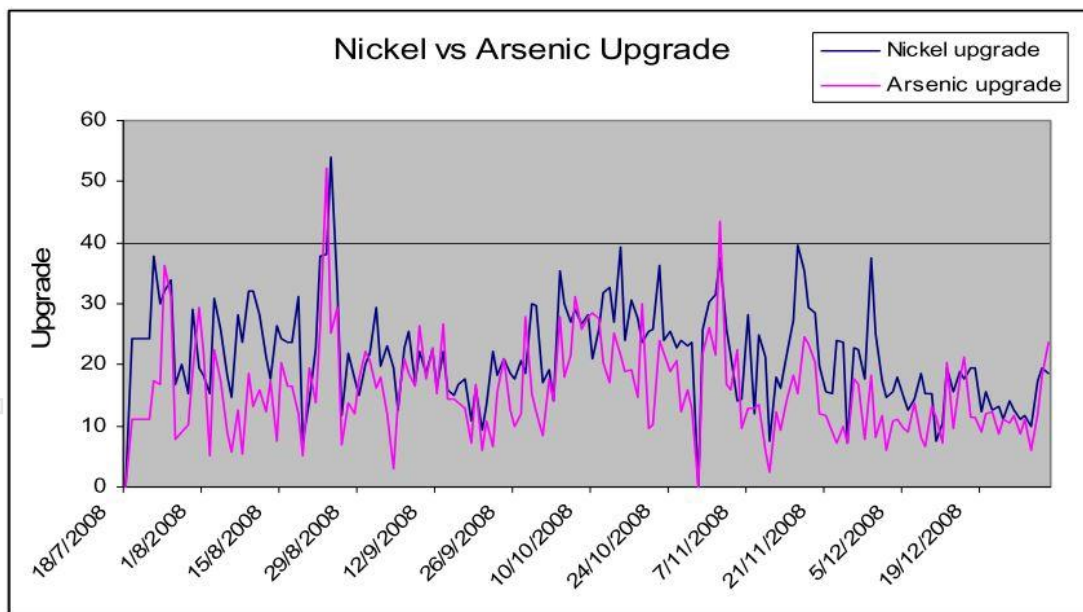


Figure 15: Historical nickel and arsenic upgrade factors per 12-hour shift

The plant performance was consistent with laboratory test data where the ratio of arsenic upgrade to nickel upgrade was typically 0.60–0.75 times. The ratio of upgrade factors was also equal to the ratio of the As to Ni ratio (As:Ni) in concentrate over As:Ni in feed. The As:Ni in concentrate was a strong function of As:Ni in feed. This relationship is presented in Figure 16 based on the historical monthly data in the recalculated arsenic recovery in Table 12.

This data are generally consistent with an arsenic upgrade 0.60–0.75 times that of nickel. Months during which concentrate was diluted generally displayed a higher ratio. This is not unexpected as the tailings stream

added for dilution had a higher As:Ni than the (undiluted) concentrate. Dilution of concentrate was initially attempted by pulling the circuit harder. This resulted in increased recovery of fine MgO, which adversely impacted filtration performance. This mode of operation had to be abandoned and was replaced with addition of tailings to the concentrate. This analysis confirms that control of As:Ni in feed, where possible, was a reasonable approach to managing As:Ni ratio in concentrate.

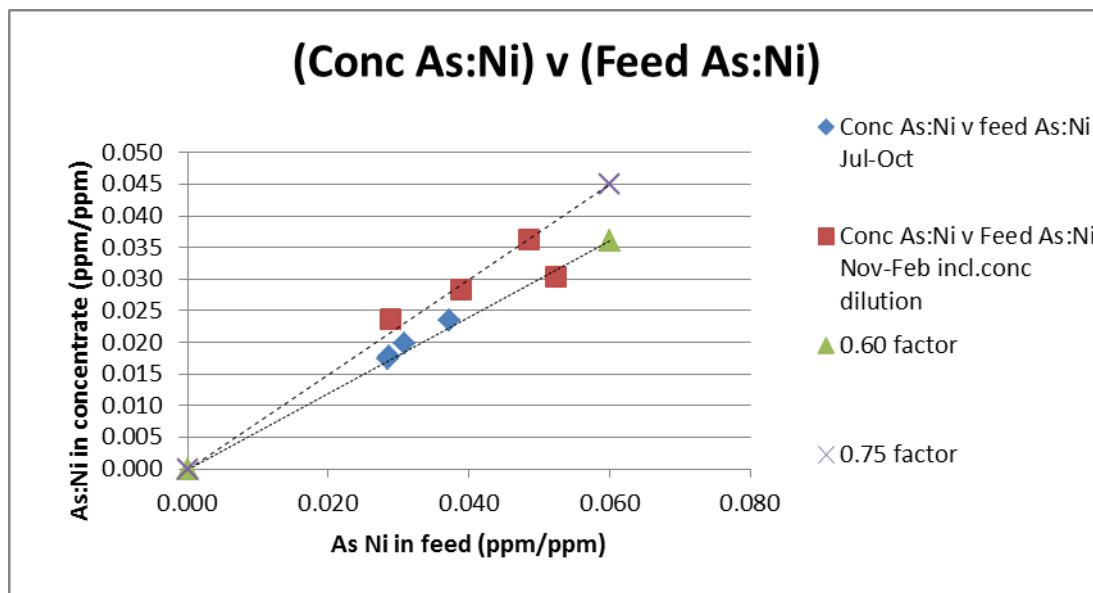


Figure 16: Relationship between As:Ni ratios in concentrate and feed

It is understood feed ore was segregated into three stockpile categories on the ROM pad at the time the plant was operating:

- Red Any nickel content, arsenic content above 250 ppm
- Yellow Nickel greater than 1.2%, arsenic below 250 ppm
- Green Nickel below 1.2%, arsenic below 250 ppm.

Plant experience indicated there was a need for further segregation of arsenic above 250 ppm. This may be seen from the distribution of arsenic in mill feed in Figure 17.

A significant proportion of feed was higher than 250 ppm As. Results of metallurgical testing of different ore types indicated the arsenic content of the skarn serpentinite (SKSP) ore was significantly higher than the serpentinite (SERP) ore.

Some further segregation of ore on the basis of arsenic content or preferably As:Ni ratio may be required as the plant becomes operational again to assist in controlling the degree of variation of arsenic in mill feed.

Based on the data in Table 11, the As:Ni in feed ranged from 0.0239 to 0.0517 on a monthly basis, with a mean of 0.0337 and a standard deviation of 0.0093. As an example, for a target Ni grade of 20% and an arsenic maximum grade of 5,000 ppm, the expected As:Ni ratio in concentrate is 0.0250. Assuming an upgrade of arsenic relative to nickel of 0.75, the As:Ni ratio in feed should not exceed 0.033 for arsenic to remain below 5,000 ppm. Feed with higher As:Ni ratios will produce a concentrate requiring dilution to control arsenic below 5,000 ppm. This observation is generally consistent with plant experience.

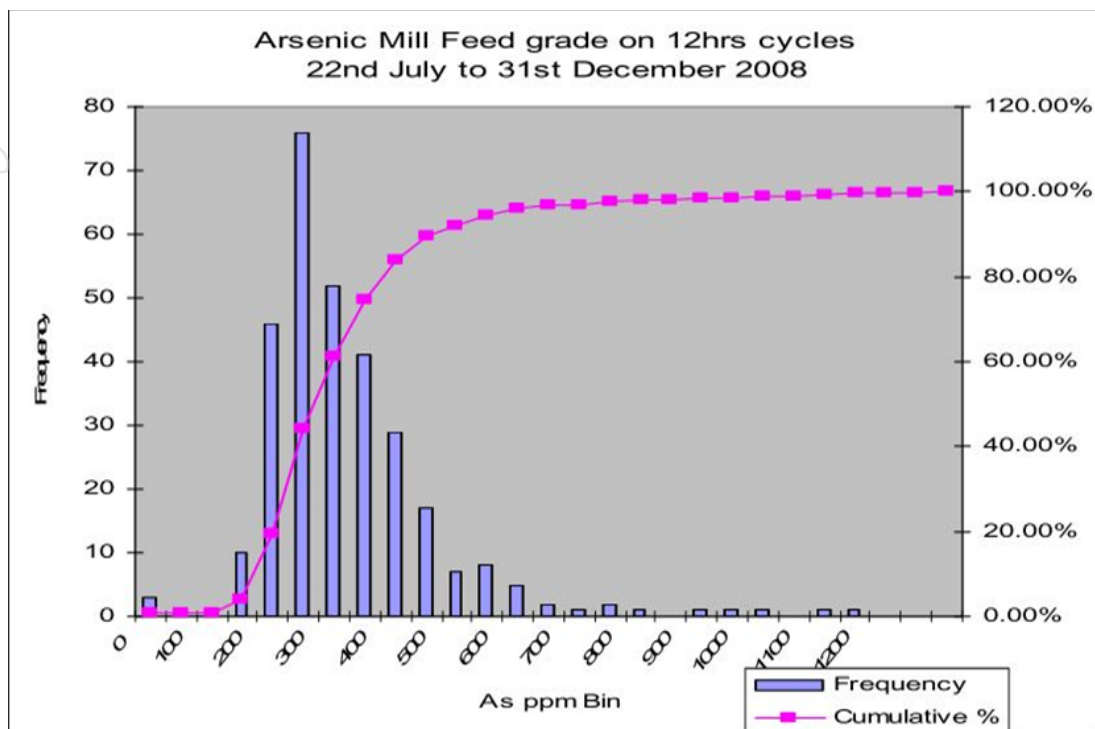


Figure 17: Frequency histogram of arsenic grade in mill feed on 12-hour basis

The global average As:Ni ratio in the resource was approximately 0.0365 (321 ppm As, 0.88% Ni), slightly higher than that for ore treated to date at the time. This suggests for future operation, some dilution of concentrate either by tailings or by pulling the flotation circuit harder will be required to maintain arsenic in concentrate below 5,000 ppm.

MMG had noted that operation at a lower concentrate grade may have been preferable to dilution with tailings. Laboratory flotation tests suggested that for 15% Ni concentrate produced from the plant, the arsenic upgrade may be approximately 0.6 times that of the nickel upgrade at 20% Ni concentrate grade. This could lead to a relative lowering of the arsenic to nickel upgrade. CSA Global considers that if this operating mode were to be followed, some modification to the circuit would be required.

2.7.3 Processing Plant

The processing plant was designed by Metplant with a capacity of 900,000 tpa. Based on a head grade of 1.05% Ni and a design recovery of 79%, the anticipated resultant annual production would have been 7,465 t of nickel in concentrate. Following operation for only 8 months the plant was put on care and maintenance and has been well maintained since February 2009. The plant remains in reasonable condition. The condition of the plant will allow the re-start of operations.

CSA Global notes that the past operational campaign was relatively short, and cautions that the anticipated optimised performance may require a ramp-up period before it can be achieved.

Crusher

During the operating period, the crusher circuit did not perform to design and required operation 24 hours per day compared to the designed 14 hours per day. Even with 24-hour operation, the crusher's performance still limited plant capacity.

Two key issues identified at the time were inadequate performance of the double deck screen and inability to choke feed the secondary crusher. Tramp steel and general waste in the ore was also identified as an issue causing significant downtime.

Sticky ore adversely impacted on operation of the lower screen deck, causing blinding and an increased circulating load to the tertiary crusher. Installation of an elastomer lower deck on the screen, and subsequent increases in aperture from 12 mm to 14 mm and ultimately 16 mm assisted in resolving screening problems, but resulted in a coarser ball mill feed and shifted the capacity constraint to the milling circuit.

Metso had noted the installation of a banana screen would increase screening capacity but would not fully address problems with sticky ore. It was also concluded that the current plant would be unable to achieve 900,000 tpa capacity (147 tph at 70% utilisation) when treating harder ores. Sherman and Associates recommended installation of a finer bowl and liner set on the secondary crusher to promote choke feeding.

CSA Global considers that further investigation of the impacts of material type (e.g. hard ore/sticky ore) on plant throughput are warranted as part of a strategic re-optimisation of the optimum mine-mill production rate. The first part of such a study would be to ensure that such material types are identified as geometallurgical parameters during resource modelling.

Grinding

A number of issues were identified with the operation of the milling circuit.

Changes to the crusher screen resulted in a coarser ball mill feed and increased scatted from the mill. A coarser mill feed size also resulted in an increased mill – P80 above the designed 100 microns to between 110 and 120 microns.

Due to ore viscosity effects, a relatively low mill density is required. On occasion, the actual operating density was below target.

Cyclone feed pressure was low at 20–30 kPa, contributing to a coarse size cut. Insufficient cyclone feed pump capacity has been identified as a legacy issue. Checks by Metso suggested that pump capacity should be adequate; however, some further checks may be required.

Mill circulating load was relatively low at 50–100%. The rated mill capacity is 3,100 kW and has capacity to treat 900,000 tpa ore with a designed Bond Ball Mill Work Index of 22.9. This value is close to the average of tests results. As a result, the mill capacity is tight, with harder ores than average resulting in reduced capacity. The SERP ore type is significantly harder than the SKSP ore type. CSA Global suggests that opportunities for blending ore to minimise hardness variation could be considered.

Achievement of expanded capacity beyond 900,000 tpa would require additional milling power or a reduction in mill feed size. Use of the regrind mill for primary grinding may be one option. Modification of the crushing circuit with installation of a high-pressure grinding roll (HPGR) to provide a finer ball mill feed is another option which has been proposed by Metso.

Flotation

The plant had operated at a target density of 35% (compared to a design value of 30%). Flotation test work undertaken at 25% solids suggested there may be a benefit in reducing plant density. The impact on retention time would need to be considered for densities below design.

The magnetic separation and regrind circuit did not operate successfully as planned. Lack of recovery improvement and mechanical problems with the regrind mill resulted in a decision to shut down the circuit. CSA Global recommends this be investigated as part of the recommencement of processing operations.

Filtration

An attempt to pull the flotation circuit harder to lower the plant nickel concentrate grade and reduce the arsenic grade was unsuccessful due to the inability of the filters to handle the increase in fines. Filtration capacity appeared to have been adequate when concentrate was diluted with tailings.

2.7.4 *Marketing of Concentrate*

CSA Global understands that Mallee has entered into an exclusive life of mine offtake agreement with Hartree as part of the binding commercial agreements required as a condition precedent to its acquisition of Allegiance.

Hartree will be the exclusive purchaser of nickel concentrates (Product) produced from the existing identified resources (and extensions thereof insofar as they relate to nickel concentrates) at Avebury mine.

Product delivered to Hartree must fall within agreed specifications with respect to nickel percentage, arsenic levels, magnesium oxide and other customary product specification requirements. Should the Product not meet the agreed specifications, it will be treated as Off-Spec Product and Hartree may reject the Product, in which case the Company will be permitted to sell Off-Spec Product to another purchaser. Mallee and Hartree will negotiate the sale of Off-Spec Product and may agree to a discount being applied.

CSA Global understands that the agreement product specifications are confidential as per the terms of the offtake agreement. Based on the concentrate specifications achieved during prior production at the mine, and the terms of the current offtake agreement provided to CSA Global for review, CSA Global agrees that acceptable product specifications can be met.

The existence of the offtake agreement is important for Mallee's plans for the Project.

2.8 Exploration Potential

The deposit remains open at depth in at least two directions – down plunge of Avebury East to the east and Viking to the west along the contact with the overlying Crimson Creek Formation. The 2010–2011 drilling in these areas added an additional 4.8 Mt in the East Avebury area and 2.5 Mt in the Avebury and Viking areas (including drilling from 2008 in the Avebury North Extended area). These areas are still open down plunge, and it could be reasonably expected that following these trends may lead to increased Mineral Resource tonnes, if not grade.

A simple silicate-leach source for the nickel within the Avebury system means that other Avebury style systems could be present almost anywhere in the ultramafic rocks in the area, given the right fluid pathways and tectonostratigraphic traps. A pre-existing nickel sulphide orebody source for the nickel at Avebury would limit exploration potential severely, as it would be possible to effectively only find Avebury-style deposits near any such pre-existing orebodies – a very limited set of circumstances for Avebury-style deposit formation. There are magmatic sulphides at Melba Flats, but they are severely size-limited and seem fairly typical of such small-scale dyke/vein systems associated with boninitic ophiolite sequences in convergent margin settings such as the Dundas Trough in Tasmania. Global examples of such magmatic sulphides associated with boninitic systems are universally small scale (typically <100 kt contained nickel) and low grade.

A model of leaching nickel from the silicates simultaneously best explains the features seen at Avebury and increases the exploration potential for the rest of the property for similar style deposits. Four versatile time domain electromagnetic (VTEM) anomalies were identified in the regional VTEM survey flown by MMG. These are associated with magnetic anomalies indicative of buried ultramafic rocks near the margin of the Heemskirk Batholith and Crimson Creek Volcanics. These represent priority exploration targets for ground electromagnetic surveys and drilling.

MMG intersected Avebury-style SKSP ultramafic alteration and one significant nickel sulphide intersection of 3 m at 0.8% Ni from 61 m to 64 m in diamond drill hole A223 in the Trial Harbour area, in the vicinity of one such VTEM anomaly. This demonstrates similar processes as seen at Avebury have been active elsewhere within the project tenement holding. This intersection remains largely untested, and follow-up work is

required. A more detailed and modern electromagnetic survey over drill hole A223 and the VTEM target would better maximise the chances of hitting the centre of gravity of any potential target in the area.

Given that the majority of the exploration activity has been focused on near-mine extension, and the hiatus in low-level regional exploration activity due to the change of ownership and mine closure, CSA Global considers that potential remains for discovery of further Avebury-style deposits on the contained leases.

2.8.1 Avebury Mine and Immediate Surrounds (Tenements 3M/2003 and 6M/2007)

Geology

The geology of the Avebury deposit and mine surrounds is discussed in Section 2.4.2 of this ITAR.

Exploration

The most recent, and deepest to date, exploration drilling conducted in the area is below the Viking and the East Avebury lenses.

Drilling below Viking resulted in additional Inferred Mineral Resources being added to the resource model in an immediate extension of the Viking lenses. Drill intercepts extend previously known mineralisation in the north limb and central areas of the Viking mineralisation. They also define a Viking south lens not previously modelled. All drill holes intersected nickel sulphides and have not closed off the mineralised Avebury system, and potential remains for further (unknown) lenses at greater depth down dip and down plunge to the west.

The drilling at East Avebury identified pockets of narrow and lower-grade mineralisation on the contact and within the serpentinite. Results from the Bison lenses area are the most encouraging as they contain significant thicknesses of low-grade mineralisation having low arsenic contents with potential to increase the resource. Again, nearly all drill holes, and all the deepest drill holes, encountered nickel sulphide and the mineralised system remains open down dip and down plunge at depth with potential for further, as yet unknown lenses.

In general, at great depth to the east and west, the Avebury mineralised system remains unexplored and open below the current defined resource. Deep, strategic, stratigraphic drilling with suitable borehole electromagnetic surveys will be needed to explore for further lenses with potential to be reached from the currently planned underground development.

In addition, approximately 1 km to the immediate north of the Avebury deposit, mineralisation has been discovered in a separate mass of the ultramafic at Pontiac (Figure 18) drilling in the area highlights that the mineralisation is predominantly pyrite hosted with locally elevated nickel grades and not typical of Avebury-style mineralisation. The area remains poorly understood and underexplored, with potential for further mineralisation still open to the west.

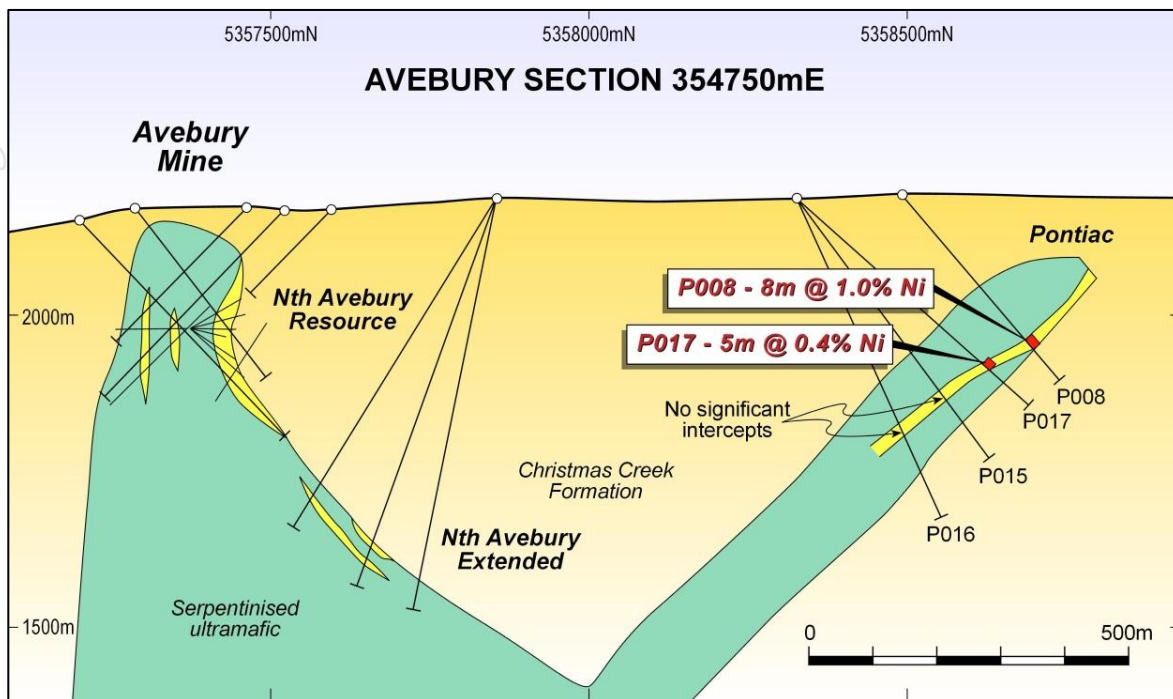


Figure 18: Cross section 354750mE, looking west, showing drilling results in Pontiac area
Note: Intersections >0.4% Ni shown as red bars.

2.8.2 Mount Zeehan (Tenement EL28/1988)

Geology

The ultramafic rocks that host the Avebury deposit demonstrably extend onto EL28/1988. Variable metasomatism of the serpentinised host ultramafics, presumed to have arisen due to the intrusion of the Heemskirk Granite, has led to formation of two distinctly different mineral assemblages, each of which may host ore grade nickel sulphide mineralisation as at Avebury:

- Essentially unmetasomatised serpentinised ultramafic: a fine-grained black rock composed predominantly of antigorite with minor disseminated chromite and magnetite
- Metasomatised serpentinised ultramafics: pale grey or green, coarsely crystalline tremolite/actinolite and diopside with minor magnetite and chromite.

The serpentinised ultramafics have a strong magnetic signature due to their high concentrations of magnetite, and their presence can be interpreted from magnetic images of the area along the southern margin of the Heemskirk Granite.

Exploration

Exploration in the region has focused on delineating potential masses of the favourable ultramafic and identifying potential massive sulphides of Avebury-style mineralisation.

A detailed aeromagnetic survey flown in 1998 delineated several prominent magnetic highs along the southern margin of the Heemskirk Granite. Subsequent ground follow-up work and drilling has identified an excellent correlation between the magnetic highs and magnetite-bearing serpentinised ultramafic. In many locations, the ultramafic often exhibits hydrothermal alteration indicative of interaction with fluids from the underlying granite batholith similar to the hydrothermal assemblages seen at Avebury. Regional exploration drilling has identified just one significant nickel sulphide intersection of 3 m at 0.8% Ni from 61 m to 64 m in diamond drill hole A223 (Figure 19 and Figure 20). This intersection remains largely untested and follow-up work is required.

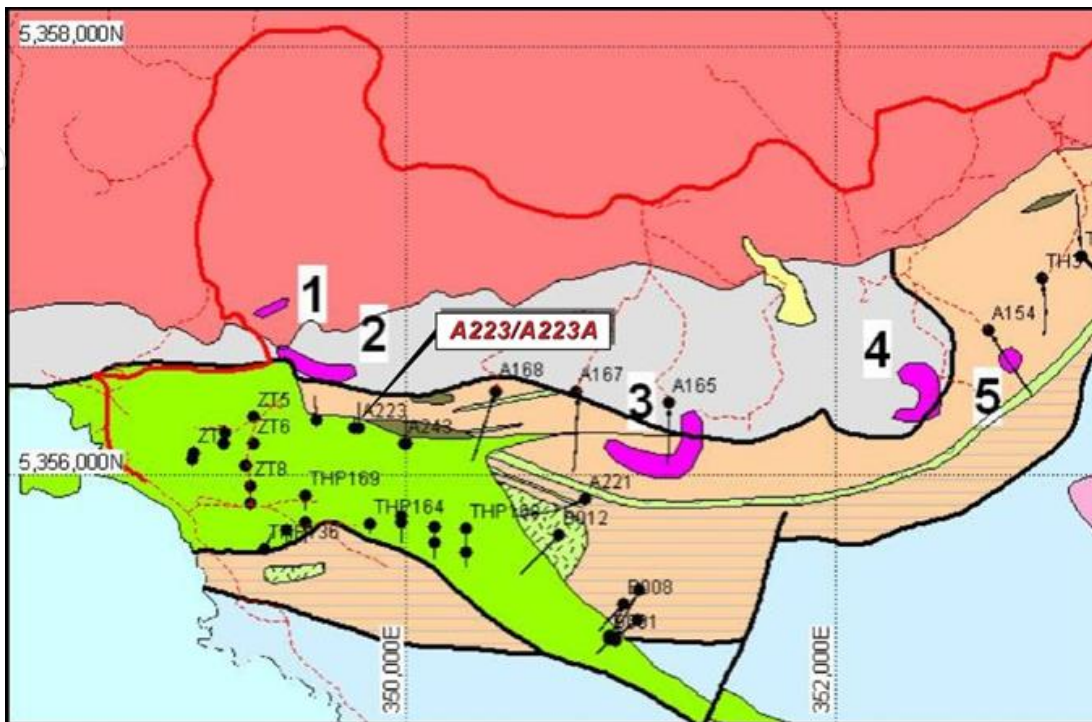


Figure 19: Plan of exploration drilling on Trial Harbour ultramafic showing location of hole A223A

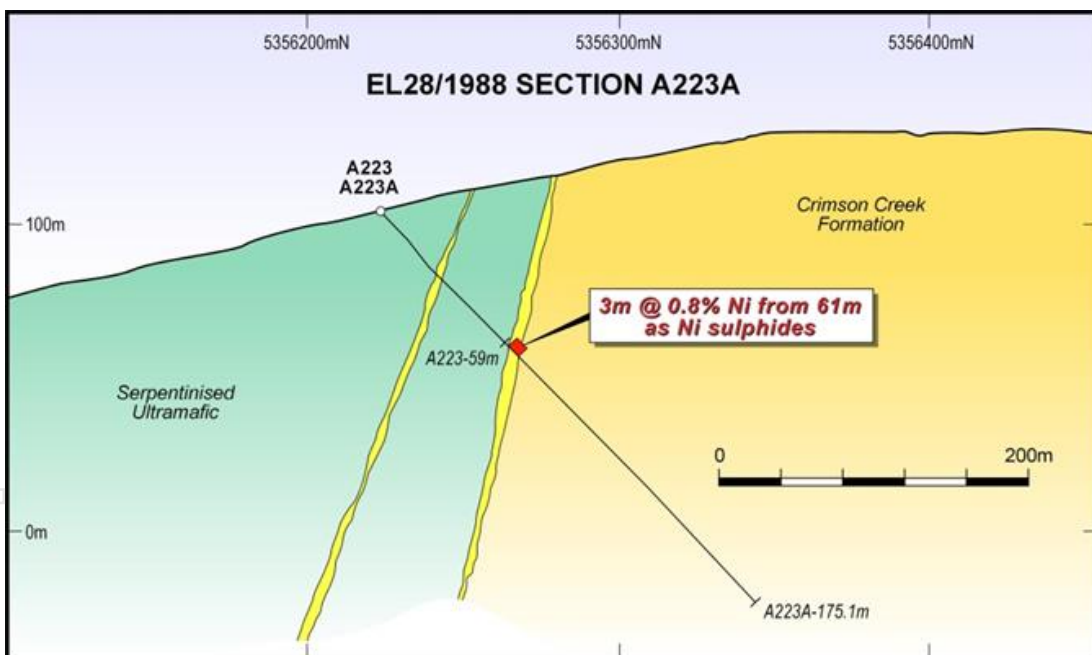


Figure 20: North-south cross section through A223A
Note: Intersections >0.4% Ni shown as red bar.

MMG completed a VTEM survey over the Avebury deposit and surrounding exploration licences in 2010. Prominent conductive anomalies were identified, the largest of which was located over the Viking and North Avebury deposits, offering proof of concept that further Avebury-style deposits at shallow depth would be detectable by the system.

Six other discrete coincident magnetic-high and conductivity anomalies identified from the VTEM survey require geological investigation to try and identify the potential cause of the anomalies (Figure 21). Five of the conductors are located in an arc extending along the southern margin of the Heemskirk Granite along a

lineament from West Avebury to just north of the community at Trial Harbour. The sixth anomaly lies approximately 800 m north of the Pontiac lens on the margin of the McIvor Hill Mafic-Ultramafic Complex where it is in close proximity to the Heemskirk Granite.

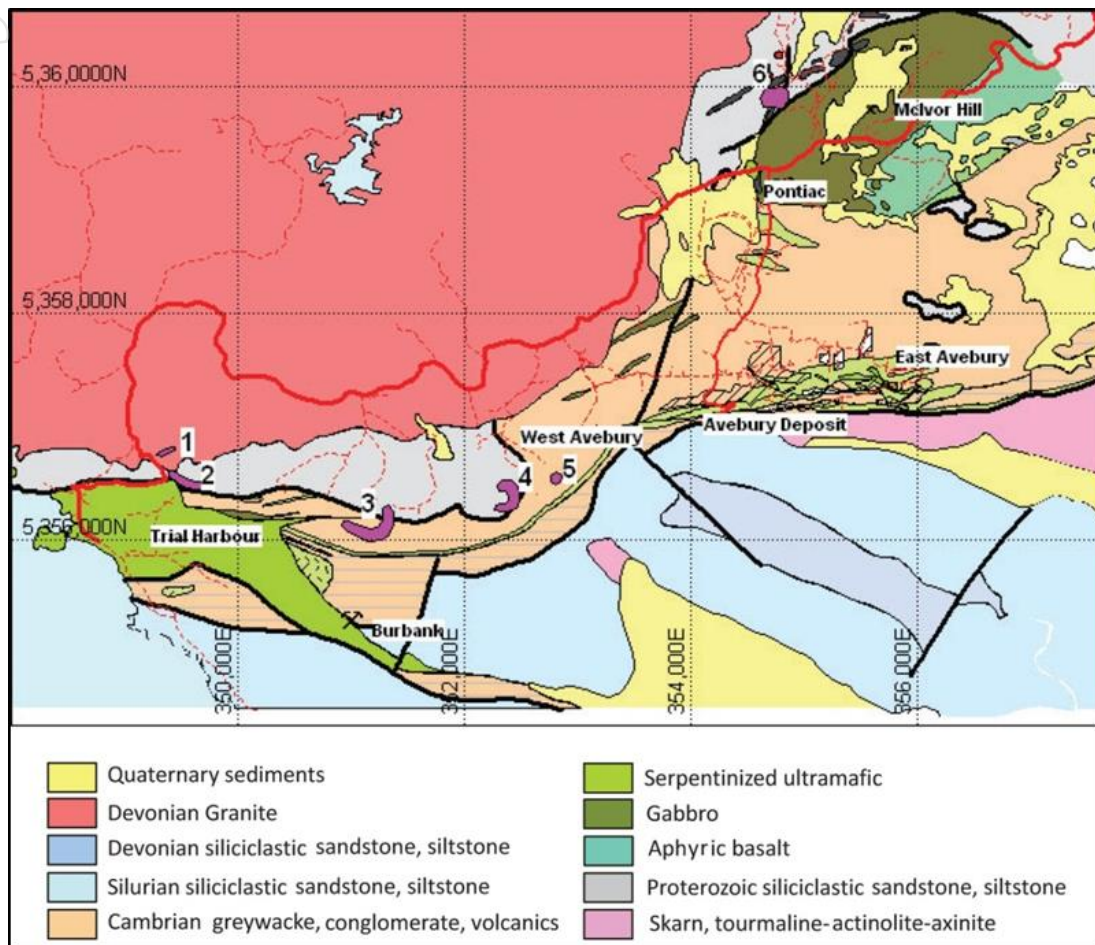


Figure 21: Untested VTEM anomalies (numbered 1 to 6)

Of the six anomalies identified, anomalies 1 to 3 and anomaly 6 require further testing to follow up on nickel sulphide exploration potential. Anomalies 4 and 5 occupy the same stratigraphic position as a prominent sulphide-bearing black shale horizon in the local Crimson Creek Formation that was intersected in regional drilling (drill hole A154). The mineralised black shale probably accounts for the conductivity anomaly.

At the time of the site visit in December, Dundas was drilling one of the VTEM anomaly features east of Trial Harbour as Dundas needed to immediately meet expenditure requirements to keep the tenements in good standing. Dundas has not done any follow-up electromagnetic surveys in the area, a must for this style of system. Dundas appears unaware that MMG intersected Avebury-style SKSP ultramafic alteration and one significant nickel sulphide intersection of 3 m at 0.8% Ni from 61 m to 64 m in diamond drill hole A223 in the immediate area, but not directly related to the VTEM anomaly itself (Figure 20). This intersection remains largely untested and follow-up work is required.

2.8.3 Melba Flats and Melba Siding (Tenements EL43/1992 and RL5/2009)

Geology

The Melba Flats area consists of Cambrian sediments intruded by several Cambrian(?) gabbro dykes. The dykes are thought to be genetically associated with the Serpentine Hill and Razorback ultramafic bodies east of the tenements, although an association with the Henty Dyke Swarm is also considered possible.

The sediments dip to the east and generally strike north–south. Regional folding and common small-scale faulting cause local variations to this trend.

The gabbro dykes are intrusive, often with chilled and brecciated margins, and are both concordant and discordant with the enclosing sediments. The dykes, sediments and ultramafics are pervasively altered. Carbonate and carbonate-talc alteration of the gabbro dykes is typically accompanied by late-stage carbonate veining. The dykes strike north to northeast and dip east or southeast at 45° to 60°.

The Melba Flats nickel-copper mineralisation is typically disseminated throughout a gabbro dyke host, but more concentrated (massive in places) on the footwall of the dyke. The mineralised gabbro is typically 5 m in true thickness and massive sulphide is typically less than 1 m in true thickness. Mineralisation is principally pentlandite-millerite-chalcopryrite-pyrite, although there is some confusion in reports that what is described as pyrite may actually be misidentified pyrrhotite. Pyrite is not a typical magmatic sulphide phase in nickel sulphide systems but is a very common hydrothermal sulphide phase in the area, while pyrrhotite is typical of and may be relict primary magmatic sulphide. Significant cobalt, gold and platinum group elements (PGEs) are associated with either (or both) nickel and copper sulphides. Late-stage carbonate alteration and veining are also accompanied by coarse galena-sphalerite-chalcopryrite.

There is some debate as to whether the mineralisation at Melba Flats represents hydrothermally remobilised sulphide that has been emplaced into the dykes, concentrating on the margins between the dykes and surrounding volcanic and sedimentary sequence, or is a pre-existing magmatic sulphide within the dykes that has been subjected to hydrothermal alteration. The geological interpretation suggests that high-grade nickel and copper mineralisation may be confined to small (10,000–80,000 t) pods intermittently developed at the intersection of gabbro dykes and faults.

Regardless of the formation model, the geochemistry of the nickel-copper sulphide mineralisation (copper+gold+PGE-rich) suggests a primary magmatic sulphide origin of the metals. These sulphides were either leached during hydrothermal activity and the metals transported and deposited into the pre-existing dykes in their current setting, or the magmatic sulphides were physically incorporated into and transported by the dyke magma as they intrude the volcanic and sedimentary sequence and deposited as magmatic sulphide in their current setting. Either scenario requires a body of magmatic sulphide hosted in a larger intrusive mass near the current sulphide occurrences at the time of formation.

The Melba Flats area is underlain by the eastern portion of a significant circular magnetic high interpreted to be at around 1,000 m depth. CSA Global considers that the magnetic high could represent a buried mafic-ultramafic complex. Such a magmatic complex would form a high-priority exploration target for magmatic nickel sulphides.

Exploration

Previous exploration at Melba Flats includes campaigns of geological mapping, airborne geophysics, ground-based geophysics, geochemical sampling, and shallow diamond drilling in the region of the historical nickel showings. Historical production for the Melba Flats field (Figure 22) is limited in scope and involved manual selective mining in shallow adits. Exploration by Allegiance has shown the nickel-copper mineralisation to be more widespread and persistent to greater depth than previously thought, but further exploration is still required to determine the geological continuity, extent and grade distribution of sulphide. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

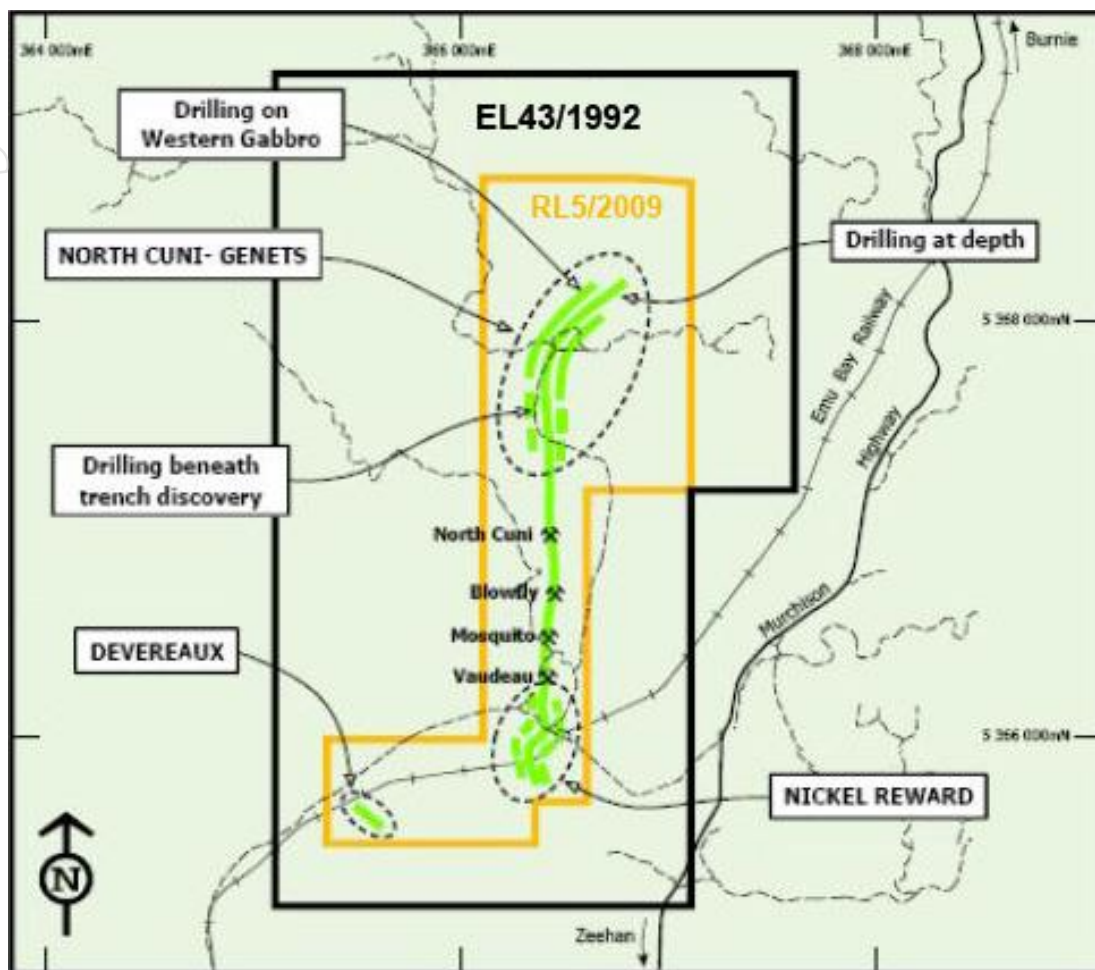


Figure 22: Nickel prospects at Melba Flats

Current interpretations suggest that no further drilling is warranted in exploring for extensions of the North Cuni mineralisation at depth or to the south of the North Cuni shaft.

Around the Genets prospect, mineralisation is open along strike to the northeast and at depth to the east, but additional drilling is likely to result in similar short intervals and low grades. Potential for a large deposit of sufficient nickel and copper grade to augment Avebury appears low.

At Nickel Reward, the current interpretation shows the potential for a large deposit appears low.

Overall, the near-surface potential for a large, high-grade nickel deposit at Melba Flats appears adequately tested. Deep drilling would be needed to test the prominent magnetic high at 1,000 m depth. The target would be a mafic-ultramafic mass with magmatic sulphides as the postulated source of the nickel sulphide in dykes at Melba Flats. Such a target is speculative and there is no other supporting information other than the gravity data to suggest that such a mafic-ultramafic mass exists.

2.8.4 EL5/2020

Mallee has entered into a binding agreement to acquire the exploration licence EL5/2020, which is located immediately to the west of EL43/1992 and RL5/2009 (Figure 23). EL5/2020 is a 14 km² exploration licence granted by Mineral Resources Tasmania on 12 June 2021 and has a 5-year term. The presence of nickel at the Melba Flats area has been known for over 100 years. Some historical small-scale mining has taken place and additionally limited systematic nickel exploration has occurred.

No recent material exploration on EL5/2020 has been carried out. Results of historical exploration at the North Cuni-Genets prospect located on Allegiance's Melba Flats licence RL5/2009, which is adjacent to EL5/2020, provide context to the prospectivity of EL5/2020.

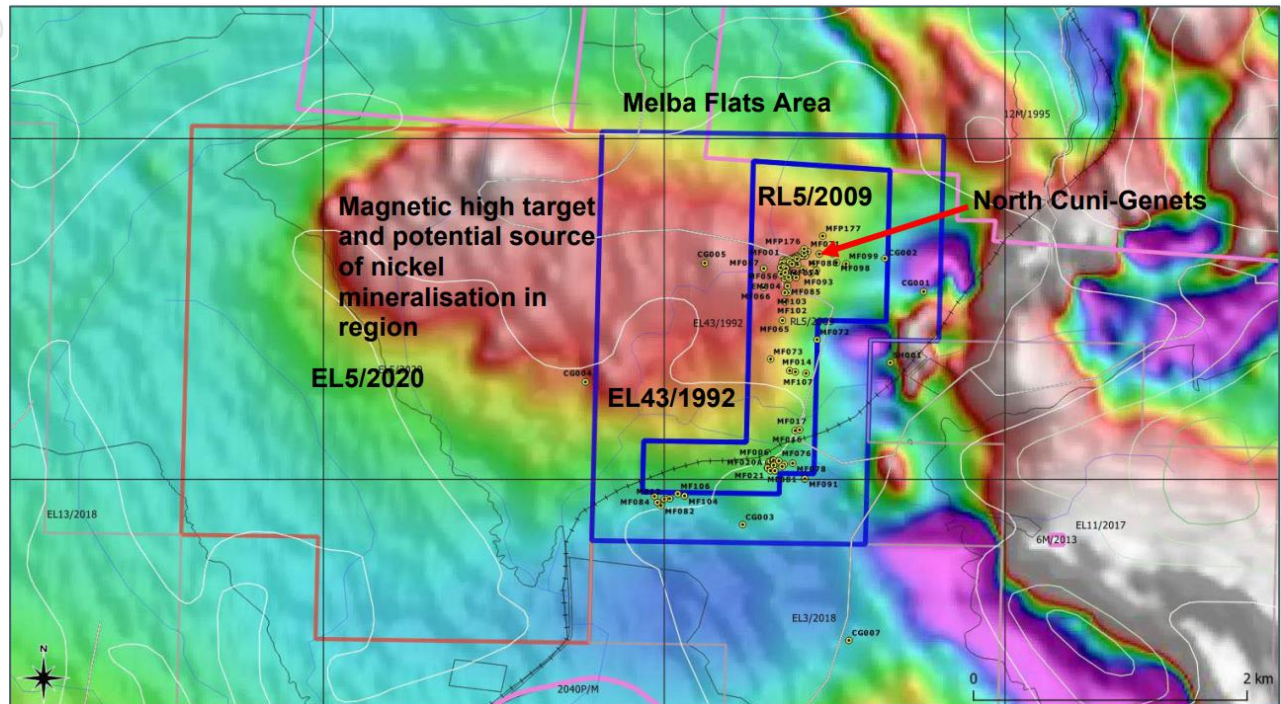


Figure 23: Newly acquired exploration licence (EL5/2020) adjacent to the Melba Flats tenure
Source: Mallee Resources Limited ASX release dated 16 May 2022

2.8.5 Summary

Given that majority of the exploration activity has been focused on near-mine extension, and the hiatus in low-level regional exploration activity due to the change of ownership and mine closure, CSA Global considers that potential remains for discovery of further Avebury-style deposits on the contained leases.

3 Proposed Work Program and Budget

The Avebury site infrastructure is in good condition and includes an existing underground mine, an established processing plant, operating site services (power, water and utilities) and good infrastructure. With the foundations for mining and processing operation in place, CSA Global understands that Mallee seeks a near term re-start to operations at Avebury.

Mallee has completed a detailed review of existing technical data and plans, which covered such matters as a review of the Mineral Resource estimate and block model, the mining schedule, metallurgical and plant performance and logistics options. Based on this review, Mallee has compiled a detailed site budget, including development of mine designs, a detailed mine schedule, processing schedule and metallurgical forecast. CSA Global understands that Mallee has developed a full operating and capital budget for the 18 months commencing 1 July 2022.

CSA Global understands that Mallee's existing budget is based on historical usage rates for diesel, reagents and other inputs at current-day pricing. Historical dilution, ore recovery, mining rates, processing rates, metallurgical recoveries and similar operational data have been assumed in development of the budget. Mallee considers these figures to be conservative owing to management challenges experienced at the time of prior operation and which have since been rectified.

Table 13 summarises Mallee's proposed use of funds raised from the capital raising, together with existing cash reserves (refer to Section 5.6 of the Prospectus), over the 18-month period commencing 1 July 2022.

Capital costs

CSA Global understands that mining capital expenditure represents approximately 26% of the anticipated capital expenditure, with mobile mining equipment and the paste plant being the largest items of expenditure.

CSA Global understands that processing capital expenditure represents approximately 27% of the anticipated capital expenditure, with the Concentrate Shed extension and Stage 2 TSF Embankment Lift being the largest items of expenditure.

CSA Global understands that administration-related capital expenditure represents approximately 46% of the anticipated capital expenditure, with the largest items of expenditure being the accommodation village, the Environmental Bond and the Mine Access Road upgrade.

CSA Global understands that other anticipated capital expenditure includes geology-related capital expenditure.

Operating costs

CSA Global understands that mining costs represent approximately 43% of the anticipated operating costs, with the major contributors to mining costs being salaries, cemented rock fill, diesel, explosives and accessories, and mobile rental equipment.

CSA Global understands that processing costs represent approximately 26% of anticipated operating costs, with the major contributors to processing costs being salaries, electricity, mechanical spares, grinding media and assaying.

Administration costs represent approximately 14% of the anticipated operating costs, with the major contributors being salaries, the accommodation contractor, insurance and temporary accommodation.

CSA Global understands that other anticipated operating costs include transportation and geology costs.

Table 13: Proposed use of funds

Item ^{1†}	Minimum Subscription (\$20,000,000)	Maximum Subscription (\$70,000,000)
Mining and Geology ²	\$8,000,000	\$12,000,000
Processing ³	\$4,200,000	\$21,200,000
Accommodation Facility and Site Admin Capital Expenditure ⁴	\$3,200,000	\$8,200,000
Exploration ⁵	\$1,200,000	\$15,000,000
Administration and Logistics ⁶	\$4,350,000	\$4,350,000
Maintenance ⁷	\$5,750,000	\$5,750,000
Other Capital Expenditure ⁸	\$300,000	\$1,500,000
Total Estimate	\$27,000,000	\$68,000,000

Source: *Mallee*

- Amounts itemised in the table are budgetary, forward looking estimates and represent the best information the Company has available to date. As with any budget, intervening events (including Project development 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.
- Including pre-production geological review, grade control activities, geological management, production drilling, blasting, backfilling and other general mining activities. Under a Maximum Subscription scenario, the Company has budgeted an additional \$4,000,000 for the purchase of mobile mining equipment (being two additional trucks).
- Including costs associated with crushing, grinding, flotation, regrinding, metallurgy review, costs of reagents and tailings treatment. Under a Maximum Subscription scenario, the Company has budgeted an additional:
 - \$6,000,000 toward construction of a paste plant to reclaim process water efficiently and for treatment of tailings intended to be distributed as backfill (a suitable plant has already been located in Tasmania);
 - \$1,000,000 toward debottlenecking, optimisation and decarbonisation studies;
 - \$5,000,000 toward construction of additional filtration capacity;
 - \$5,000,000 toward the purchase of an ore sorter to reduce the total volume of inbound mined product and increase the grade of mined product processed.
- Construction and upkeep of an accommodation facility and mess hall in the nearby town of Zeehan. Under a Maximum Subscription scenario, the Company will complete further development of the accommodation facility to provide accommodation facilities for the increased workforce required to implement an accelerated mine ramp-up.
- Refer to Section 3.2 below for a summary of the Company's proposed exploration activities.
- Including \$1,500,000 in environmental bonds payable to Mineral Resources Tasmania, costs associated with site logistics and administration costs, such as emergency response, safety, training, environmental monitoring, supervision and camp & accommodation costs,
- Underground mine maintenance, plant and equipment maintenance, mobile maintenance overheads and maintenance of fixed plant at the processing facility.
- In the minimum subscription scenario, a scanning laser survey drone is purchased to ensure proper production reconciliation from the outset. Under a maximum subscription scenario, additional mobile equipment capital is allocated for the purchase of battery-electric drills, which are a higher capital cost than the diesel-electric units presently budgeted; and for the buy-out of leased teleremote loader control stations.

3.1 Development Plans

CSA Global understands that Mallee's short-term strategy for the mine re-start is to maximise production rates within the current 900ktpa nameplate capacity constraints of the processing facility, supported by mining production rates consistent with that achieved during the Project's relatively short prior operating life.

Mallee has commenced mining operations at the Project, with mined product currently being stockpiled on the run of mine (ROM) pad. Mallee intends to continue stockpiling mined product on the ROM pad in the coming months, until such time as sufficient product has been stockpiled to allow for the recommissioning of the processing plant.

On both a Minimum Subscription and Maximum Subscription, Mallee plans to undertake the following activities:

- a. complete construction of stage 1 of the Mallee's accommodation facilities at the nearby town of Zeehan;
- b. continue to undertake mining activities and stockpiling of mined product until such time as sufficient mined product has been stockpiled to allow for the recommissioning of the processing plant;
- c. once sufficient product has been stockpiled and plant and equipment at the processing facility has been recommissioned, commence processing of mined product into nickel concentrate through the existing processing facility.

Mallee considers, and CSA Global agrees, that potential scope exists to evaluate debottlenecking, optimisation and decarbonisation initiatives to target further expansions, with the processing facility designed and constructed to be relatively easily expanded with minimal disruption to production. CSA Global understands that a debottlenecking study will be commissioned in the plant once steady-state production has been achieved, with the aim of identifying operating improvements and capital equipment required to achieve and, subsequently, exceed nameplate capacity.

To support any future potential expansion to the current re-start plan, Mallee considers that some upgrades are likely to be required to the processing plant's milling and/or crushing circuit, as well as installation of a larger filter press and increased concentrate storage, which has been budgeted for under the Maximum Subscription scenario. Any expansion strategy for the Project will be reviewed following the resumption of production, in conjunction with results from the proposed near mine and regional exploration program.

Under a Maximum Subscription scenario, Mallee also intends to allocate \$15 million towards the exploration activities discussed in Section 3.2 below.

CSA Global understands that Mallee will operate Avebury on an owner-operated basis. The site workforce will substantially increase as the site moves toward a continuous 24 hour day / 7 day a week operational regime. The current site workforce of 87 personnel (employees and contractors) is expected to grow to around 196 in a Maximum Subscription scenario.

Under a Maximum Subscription scenario, capital expenditure in the financial year ending 30 June 23 includes completion of Stage 2 of Mallee's planned accommodation camp and messing facilities in Zeehan, installation of a paste or similar cemented backfill plant at Avebury, construction of expanded concentrate storage and handling facilities at site, a decarbonisation study assessing the benefit of moving away from diesel powered equipment to an all-electric site utilising Tasmania's hydro-electric grid power, further capital equipment purchases late in the year as the starting fleet reaches its 12-month hire anniversary.

Under a Minimum Subscription scenario, the proposed Stage 1 accommodation facility is completed, the intended paste facility is secured and delivered to site but not commissioned (delivery of cemented rockfill to primary stopes is maintained instead), mobile plant is majority hired or finance-purchased, a return to concentrate production remains planned for September 2022, but optimisation studies and expansion plans are deferred until cashflow from operations allows, probably in 2023.

Should funding between the minimum and maximum subscription amounts be realised, the company will allocate all funds identified under the minimum subscription scenario.

Additional funds will be first allocated to meet requirements (if any) to ensure nameplate production. Beyond this, funds will be prioritised towards exploration activities, as the company believes that the potential for discovery of additional production sources in both the Avebury Arc and Melba regions is high.

Quantitative information and time-lines relating to mining and processing operations cannot be reliably estimated at this time. As a general and preliminary overview, mining activities have commenced to build stockpiles on the ROM pad.

Commissioning of the plant is anticipated to take place prior to the end of 2022, with throughput moderated to optimise the plant performance. Subject to plant commissioning being successful, a graduated increase of throughput is anticipated to occur in the future to achieve a steady state of concentrate production.

3.2 Exploration

As described in Section 2.8 of this ITAR, there is further exploration potential throughout the Mallee tenure.

CSA Global understands that Mallee intends to prioritise the re-start of mining and processing operations at the Project in the near-term. All expenditure commitments required to keep the tenure in good standing, including exploration expenditure, are planned to be met during this period.

Under a Maximum Subscription scenario, Mallee plans to undertake programs of near-mine exploration drilling to upgrade lower confidence mineral resources and define new mineral resources. Mallee also plans to investigate new mineralised zones outside the existing mine envelope with geoscience surveys and exploration drilling, in particular at its Melba tenements, to follow up high-grade nickel reported in historical workings and supported by more recent geological surveys.

Exploration priorities under a maximum subscription scenario are as follows:

- Define new and extend additional resources at East Avebury.
- Improve definition of the East Avebury by developing exploration drives to the east, to serve as underground drilling platforms.
- Extend the Pontiac target (located 1 km north of Avebury) beyond the previous drill hole P008.
- Define and extend mineralization intersected in Serpentinized Ultramafic rocks along the Trial Harbour trend (similar host rocks to Avebury).
- Extend existing and potentially define additional Ni-Cu (PGE) deposits at Melba Siding/Melba Flats.
- After collecting further geochemical and geophysical data (magnetic and IP) test deeper nickel (and copper) source targets in the area west of Melba Flats (in newly acquired EL5/2020) currently defined by a significant regional aeromagnetic anomaly.

Under a Minimum Subscription scenario, CSA Global understands that Mallee will undertake sufficient exploration to meet the minimum commitments required to hold the tenement portfolio in good standing. All other exploration expenditure is intended to be deferred until cashflow from operations allows work to resume.

3.3 CSA Global Opinion

The Avebury mine held by Mallee is considered to be a “development project”. CSA Global considers that the project has sound technical merit and is sufficiently prospective to warrant further exploration and continuing assessment of its economic potential, consistent with the proposed programs to re-start mining and processing at the Avebury mine.

CSA Global considers that the overall project has sound technical merit and is sufficiently prospective to warrant further mine development, exploration and assessment of its economic potential, consistent with the proposed program of expenditure. The proposed use of funds budgeted is considered consistent with the development and operational potential of the Avebury mine and is considered adequate to cover the costs of the proposed program over the two years. The budgeted exploration expenditure is also sufficient to meet the minimum statutory expenditure on the tenements.

At least half of the liquid assets held, or funds proposed to be raised by Mallee, are understood to be committed to the exploration, development and administration of the mineral properties, satisfying the requirements of ASX Listing Rules 1.3.2(b) and 1.3.3(b). CSA Global also understands that Mallee has

sufficient working capital to carry out its stated objectives, satisfying the requirements of ASX Listing Rule 1.3.3(a).

Mallee has prepared staged evaluation, development and further exploration programs, specific to the potential of the Project, which are consistent with the budget allocations and warranted by the exploration potential of the Project. CSA Global considers that the relevant areas have sufficient technical merit to justify the proposed programs and associated expenditure, satisfying the requirements of ASX Listing Rule 1.3.3(a).

CSA Global recommends that detailed review of life of mine planning, including review and refresh of dewatering and ground support studies, tailings dam management strategy and procedures, and the metallurgical balances and processing flowsheet to support the declaration of new Ore Reserves be completed as soon as possible to support the recommencement of mining that the Company has begun in April 2022.

4 References

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5 Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Wikipedia www.wikipedia.org

aeromagnetic	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the Earth's magnetic field.
aircore drilling	A relatively inexpensive drilling technique similar to RC drilling, in which the drill cuttings are returned to surface inside the rods.
amphibolite facies:	The set of metamorphic mineral assemblages (facies) which is typical of regional metamorphism between 450°C and 700°C.
amphibolite	A mafic metamorphic rock consisting mainly of amphibole minerals, especially hornblende and actinolite.
anomaly	An area where exploration has revealed results higher than the local background level.
Archaean	The oldest geologic time period, pertaining to rocks older than about 2,500 million years.
assay	The testing and quantification metals of interest within a sample.
auger	Geochemical sampling technique involving the use of either a hand auger or a small drilling rig with an auger bit.
Batholith	A large, generally discordant plutonic mass that has more than 40 square miles (100 km ²) of surface exposure and no known floor.
batters and berms	Technical terms for the components of a final pit wall. The slope batters are typically 10–20 metres high vertically and have slopes between 40° and 70°. The horizontal berms between the batters are typically 5–10 m wide.
carbonate	Rock or mineral dominated by the carbonate ion (CO ²⁻ ₃), of sedimentary or hydrothermal origin, composed primarily of calcium, magnesium or iron and carbon and oxygen. Essential component of limestones and marbles.
carbon-in-leach	Hydrometallurgical process for the extraction of gold from ores and concentrates, involving activated carbon particles.
Craton	An old and stable part of the continental lithosphere.
diamond drilling	Drilling method employing a (industrial) diamond encrusted drill bit for retrieving a cylindrical core of rock.
domain	Geological zone of rock with similar geostatistical properties; typically, a zone of mineralisation.
dyke	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
En echelon	Closely-spaced, parallel or subparallel, overlapping or step-like minor structural features in rock, which lie oblique to the overall structural trend.
fault	A wide zone of structural dislocation and faulting.
fresh (ore)	Ore from depth which has not been affected by weathering and oxidation.
geochemical	Pertains to the concentration of an element.
geochronology	The science of determining the absolute age of rocks. Dating methods involve measuring the amount of radioactive decay of a radioactive isotope with a known half-life.
geophysical	Pertains to the physical properties of a rock mass.
granite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.

greenstone belt	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
greenstone	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
ground magnetic	Geophysical survey method using a hand-held magnetometer to record the strength of the earth's magnetic field usually along a grid.
hydrological	Study of the groundwater of an area specifically as it impacts on a mining operation, typically focused on dewatering requirements.
intrusive	Any igneous rock formed by intrusion and cooling of hot liquid rock below the earth's surface.
leach test	Experiment undertaken in a metallurgical laboratory to test an ore sample involving leaching gold with a cyanide solution.
lithology	The description of a rock unit's physical characteristics visible in hand or core samples, such as colour texture grain-size and composition.
lode	A deposit of metalliferous ore formed in a fissure or vein.
mafic	Igneous rock composed dominantly of dark coloured minerals such as amphibole pyroxene and olivine, generally rich in magnesium and iron.
metamorphic	A rock that has been altered by metamorphism from a pre-existing igneous or sedimentary rock type.
mine scheduling	The process of determining the location and amount of ore and waste to mine over time, which aims to maximise the profitability of future mining operations over specific time periods.
mineable shape optimiser	Mining software which automatically produces optimised stope designs to maximise the value of recovered ore within the given orebody geometry.
mining inventory	Rock material within a pit design which is above a cut-off grade determined by an economic study of the mining operation or proposed mining operation.
optimisation	A mine planning process involving advanced digital simulation software to determine the optimal geometry of an open pit to maximise the profitability of a mineral deposit given a specific set of economic and engineering input parameters.
Ore Reserve	Defined in the JORC Code as the economically mineable part of a Mineral Resource. It includes diluting materials and allowances for losses, which can occur when the material is mined. Appropriate assessments and studies have been carried out and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors.
outcrop	A visible exposure of bedrock or ancient superficial deposits on the surface of the Earth.
oxide (ore)	Ore from near surface which has been strongly affected by weathering and oxidation.
pegmatite	An exceptionally coarse-grained igneous rock with interlocking crystals, usually found as irregular dykes lenses or veins around the margins of batholiths.
pluton	Body of intrusive igneous rock, typically several kilometres in dimension.
porphyry	Igneous rocks in which large crystals (phenocrysts) are set in finer groundmass, which may be crystalline or glass.
quartz	Common mineral composed of crystalline silica, with chemical formula SiO ₂ .
RAB drilling	Rotary air blast. A relatively inexpensive but less accurate percussion drilling technique involving the collection of samples returned by compressed air from outside the drill rods.
RC drilling	Reverse circulation. A percussion drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.

saprolite	Soft clayey porous rock formed by in-place chemical weathering of rocks.
schist	A metamorphic rock dominated by fibrous or platy minerals, with a strongly foliated fabric (schistose cleavage).
sedimentary	A term describing a rock formed from sediment.
shear	A deformation resulting from stresses that cause rock bodies to slide relative to each other in a direction parallel to their plane of contact.
shell (or pit shell)	Computer generated optimisation surface which defines the and is used to guide the pit design.
shoot	Part of an orebody of elongated shape where higher grades are concentrated.
soil sampling	The collection of soil specimens for mineral analysis.
strata	Sedimentary rock layers.
stratigraphic	Pertaining to the composition, sequence and correlation of stratified rocks.
strike	Horizontal direction or trend of a geological strata or structure.
structural	Pertaining to rock deformation or to features that result from it.
superterrane	Composite terranes that comprise groups of individual terranes and other assemblages that share a distinctive tectonic history.
terrane	Any rock formation or series of formations or the area in which a particular formation or group of rocks is predominant.
transitional (ore)	Ore from zone between oxide and fresh which has been partly altered by weathering and oxidation.
Transpressional	A type of strike-slip deformation that deviates from simple shear because of a simultaneous component of shortening perpendicular to the fault plane.
ultramafic	Igneous and meta-igneous rocks composed of greater than 90% mafic minerals with very high magnesium and iron content, very low silica and potassium content.
volcanics	Rocks formed or derived from volcanic activity.
workings	The entire system of openings in a mine for the purpose of exploitation.
younging	Direction in which stratigraphy becomes younger for a particular formation.

6 Abbreviations and Units of Measurement

A\$	Australian dollars
AIG	Australian Institute of Geoscientists
Allegiance	Allegiance Mining Pty Ltd (formerly Allegiance Mining NL)
As	arsenic
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AusIMM	Australasian Institute of Mining and Metallurgy
Co	cobalt
CRA	CRA Exploration
CRF	cemented rock fill
CSA Global	CSA Global Pty Ltd
DOCA	Deed of Company Arrangement
Dundas	Dundas Mining Pty Ltd
FeO	iron oxide
g/cm ³	grams per cubic centimetre
ha	hectares
ITAR	Independent Technical Assessment Report
km	kilometres
km ²	square kilometres
kN	kilonewtons
kt	thousand tonnes
ktpa	thousands of tonnes a year, kt/yr
kV	kilovolts
kW	kilowatts
m	metres
m ³ /s	cubic metres per second
mm	millimetres
Mallee	Mallee Resources Limited
MgO	magnesium oxide
MMG	MMG Limited
Mt	million tonnes
Mtpa	million tonnes per annum
MVA	million volt-amperes
Ni	nickel
PGE	platinum group element
ppm	parts per million
QEM*SEM	Quantitative Evaluation of Minerals by Scanning Electron Microscopy
RL	reduced level
SERP	serpentinised ultramafic
SG	specific gravity
SKSP	skarn serpentinite
t	tonnes



tpa	tonnes per annum
TSF	tailings storage facility
URF	unconsolidated rock fill
US\$	United States dollars
VTEM	versatile time domain electromagnetic (geophysical survey method)
XRF	x-ray fluorescence

Appendix 1: JORC Table 1

JORC Table 1 Section 1 – Key Classification Criteria

Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i>	After logging, the core was marked up for splitting usually at 1 m sample intervals while respecting significant geological boundaries and visible sulphides. The core was sawn longitudinally by diamond saw, bagged, ticketed, and despatched to the contract laboratory for sample preparation and analysis. Samples were generally 2 kg in weight.
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	Only minor core loss was recorded in geotechnical logging sheets and there is no demonstrated relationship between sample recovery and grade.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. "RC drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay"). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i>	NQ2 diamond core drilling or similar (LTK56, LTK60, NQ) was used. After logging, the core was marked up for splitting usually at 1 m sample intervals while respecting significant geological boundaries. The core was sawn longitudinally by diamond saw, bagged, ticketed, and despatched to the contract laboratory for sample preparation and analysis. Samples were generally 2 kg in weight. The laboratory process followed drying, crushing, milling and homogenising the entire sample to 80% passing 75 microns. A 5 g sample of the pulverised material was taken for laboratory analysis.
Drilling techniques	<i>Drill type (e.g. core, RC, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</i>	Drill type was NQ2, NQ, LTK56 or LTK60 diamond core drilling.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	Geotechnical logging of core recovery and drill log sheets do not note any recovery issues.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	Core recovery was near 100% and samples were taken while respecting geological boundaries.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	There is no demonstrated relationship between sample recovery and grade.
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	Core was geologically and geotechnically logged, usually directly into a laptop, measured for recovery and photographed prior to sampling. Digital logging data are downloaded from Microsoft Excel spreadsheets into a Microsoft Access database. Core has been logged to a level to support Mineral Resource estimation.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i>	Core was geologically and geotechnically logged by qualified geologists and experienced technicians, usually directly into a laptop, measured for recovery and photographed prior to sampling.

Criteria	JORC Code explanation	Commentary
		Digital logging data are downloaded from Microsoft Excel spreadsheets into a Microsoft Access database.
	<i>The total length and percentage of the relevant intersections logged.</i>	100% of intersections are geologically logged.
<i>Subsampling techniques and sample preparation</i>	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	The core was sawn longitudinally by diamond saw in half and one half taken as a sample.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i>	All samples are core.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	The sampling technique was appropriate and completed to industry standard for sampling diamond core.
	<i>Quality control procedures adopted for all subsampling stages to maximise representivity of samples.</i>	Sample preparation followed standard industry practice. The laboratory process followed drying, crushing, milling and homogenising the entire sample to 80% passing 75 microns. A 5 g sample of the pulverised material was taken for laboratory analysis.
	<i>Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.</i>	Internal standards and pulp duplicates were submitted with every batch of samples Approximately 1 in every 10 submissions was sent for analysis at an umpire laboratory (Amdel Laboratories, Adelaide or ALS Laboratories, Perth).
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	The sample sizes are considered appropriate to the grain size of the material being sampled.
<i>Quality of assay data and laboratory tests</i>	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	Laboratory analytical techniques have varied over the Project's history as follows: Pre 2005: 4-acid (total) digest and analysis of Ni, As, Co and S by ICP-AES at SGS, Townsville. 2005 to 2009: pressed powder XRF analysis for Ni, As, Co, S, FeO and MgO at Burnie Research Laboratories, Burnie. Pressed powder pellets are considered a total analysis. Post 2009: 4-acid (total) digest and analysis of Ni, As, Co and S by ICP-AES at ALS Laboratories, Perth.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	No geophysics tools were used to support the Mineral Resource estimate.
	<i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i>	Internal standards and pulp duplicates were submitted with every batch of samples. Approximately 1 in every 10 submissions was sent for independent laboratory analysis (Amdel laboratories, Adelaide, ALS Laboratories Perth). A re-assay program of 2008 drill samples (pressed powder XRF method) by 4-acid ICP analysis identified a +6% Ni bias and a -21% As bias in the XRF results. The XRF analysis method for samples returning values less than 100 ppm As is considered inaccurate. The mean ICP result of repeat analysis for <100 ppm As was 24 ppm As. Corrections for the sub 100 ppm As XRF values and the As bias identified were factored into a run of the estimation process. This produced a result showing of a 10% increase in As metal in the Arsenic domain areas of the Measured Mineral Resource. Overall, a difference of <1% in As grade occurred for the entire Mineral Resource. This factor has not been applied to the Mineral Resource estimate.
<i>Verification of sampling and assaying</i>	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	Senior technical personnel from the Company (Project Geologists and Exploration Manager) logged and verified significant intersections. Assay results were verified against logging and core photographs.

Criteria	JORC Code explanation	Commentary
	<i>The use of twinned holes.</i>	No dedicated twin drill holes were completed.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Primary data were collected on site by employees of the Company. All measurements and observations were recorded digitally and entered into the Company's database. Data verification and validation is checked upon entry into the database.
	<i>Discuss any adjustment to assay data.</i>	No adjustments or calibrations to any assay data have been made.
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and downhole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	All drill hole collars were located by a licensed surveyor according to a mine grid system. The method used to survey drill hole paths has varied throughout the Project's history. The presence of magnetic minerals has precluded the use of conventional downhole survey tools which measure the magnetic azimuth. A Maxibor optical tool was used for surface holes prior to 2005. This method measures incremental differences at fixed intervals down the drill hole relative to the orientation of the drill rods at the collar. Prior to 2005, surface holes which were not surveyed used nearby deviation data. Since 2005, a gyroscopic tool has been used for surface holes. The method used to survey underground drill holes is as follows: <ul style="list-style-type: none"> • The collar azimuth was used for holes drilled east of 345,350 m E • A +1° deviation was used every 50 m west of 345,350 m E. Downhole survey methods used for surface drill holes are appropriate given the presence of magnetic minerals. Underground drill hole paths are subject to some uncertainty. Given the lack of real downhole data, hole paths should be considered approximate.
	<i>Specification of the grid system used.</i>	All holes are referenced to a local mine grid for the Avebury mine.
	<i>Quality and adequacy of topographic control.</i>	All hole collar locations were surveyed by a licensed surveyor.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	Drill spacing approximately <60 m × 40 m for Indicated Mineral Resource. Drill spacing approximately 100 m × 100 m for Inferred Mineral Resource.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	The distribution and continuity of nickel mineralisation is often coincident with geological contacts; these features identified in drilling are demonstrated by underground mapping. The data spacing and distribution are sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource estimation procedures and classifications applied. The distribution of the deleterious arsenic content is not as regular as the nickel distribution and is less well supported by geological indicators. For this reason, confidence in the arsenic content and distribution is lower than for nickel. It is assumed that production sampling with blending and processing strategies will be sufficiently implemented to manage arsenic levels reporting to concentrates, thus maintaining the appropriateness of the Mineral Resource classifications applied.
	<i>Whether sample compositing has been applied.</i>	No compositing has been applied at the sampling stage.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	Geological mapping and interpretation show that the mineralisation forms in antiformal setting striking east–west. Drilling is therefore conducted on north–south and south–north directions to intersect mineralisation across strike.
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	Drilling orientation is not considered to have introduced any sampling bias.

Criteria	JORC Code explanation	Commentary
Sample security	The measures taken to ensure sample security.	Measures to provide sample security included: <ul style="list-style-type: none"> Adequately trained and supervised sampling personnel Core yard facility with security fence and well-maintained sampling sheds Cut core samples stored in numbered and tied calico sample bags Calico sample bags transported by courier to assay laboratory Assay laboratory checks of sample dispatch numbers against submission documents.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	Review of the 2007 Mineral Resource estimate was undertaken and found that many of the processes and systems set up by Allegiance Mining were industry best and/or good-practice. No fundamental or high-risk issues were identified. Recommendations included improved QAQC processes be implemented, and a greater volume of dry bulk density measurements be taken. An internal MMG Scoping Study Review was undertaken in 2009. No high-risk issues were identified.

JORC 2012 Table 1 Section 2 – Key Classification Criteria

<i>Mineral tenement and land tenure status</i>	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	<p>The Avebury project tenure consists of two granted mining licences, two granted exploration licences and one granted retention licence, all currently held by Allegiance.</p> <table><tr><th>Lease</th><th>Lease type</th><th>Expiry date</th><th>Holder</th><th>Status</th><th>Size</th><th>Description</th></tr><tr><td>Avebury 3M/2003</td><td>Mining</td><td>16 Oct 2024</td><td>Allegiance Mining Pty Ltd</td><td>Granted</td><td>400 ha</td><td>Covers the western portion of the Avebury mine</td></tr><tr><td>Avebury East 6M/2007</td><td>Mining</td><td>16 Oct 2024</td><td>Allegiance Mining Pty Ltd</td><td>Granted</td><td>400 ha</td><td>Covers the eastern portion of the Avebury mine</td></tr><tr><td>Mt Zeehan EL28/1988</td><td>Exploration</td><td>9 Dec 2022</td><td>Allegiance Mining Pty Ltd</td><td>Granted[#]</td><td>25 km²</td><td>To the west of Avebury – includes Trial Harbour, Burbank and Fen Creek</td></tr><tr><td>Melba Flats EL43/1992</td><td>Exploration</td><td>16 Apr 2023</td><td>Allegiance Mining Pty Ltd</td><td>Granted</td><td>6 km²</td><td>North-northeast of Zeehan – includes Melba Flats</td></tr><tr><td>Melba Siding RLS/2009</td><td>Retention</td><td>1 Dec 2022</td><td>Allegiance Mining Pty Ltd</td><td>Granted[#]</td><td>3 km²</td><td>North-northeast of Zeehan – includes North Cuni/Genets, Nickel Reward, Deveraux</td></tr></table> <p>Source: Groom Kennedy (2022)</p> <p>#Renewal and extension of term of EL28/1988 and RL5/2009 was confirmed on 17 January 2022, and the status was amended to granted on 10 March 2022.</p> <p>Tenement information for the Avebury project was provided by Groom Kennedy Lawyers & Advisors, Hobart, Tasmania. CSA Global relies on the independent opinions of Groom Kennedy dated 1 August 2022 with regards to the validity, ownership, and good standing of the tenements that Mallee is acquiring in Tasmania. CSA Global makes no other assessment or assertion as to the legal title of the tenements and is not qualified to do so.</p>	Lease	Lease type	Expiry date	Holder	Status	Size	Description	Avebury 3M/2003	Mining	16 Oct 2024	Allegiance Mining Pty Ltd	Granted	400 ha	Covers the western portion of the Avebury mine	Avebury East 6M/2007	Mining	16 Oct 2024	Allegiance Mining Pty Ltd	Granted	400 ha	Covers the eastern portion of the Avebury mine	Mt Zeehan EL28/1988	Exploration	9 Dec 2022	Allegiance Mining Pty Ltd	Granted [#]	25 km ²	To the west of Avebury – includes Trial Harbour, Burbank and Fen Creek	Melba Flats EL43/1992	Exploration	16 Apr 2023	Allegiance Mining Pty Ltd	Granted	6 km ²	North-northeast of Zeehan – includes Melba Flats	Melba Siding RLS/2009	Retention	1 Dec 2022	Allegiance Mining Pty Ltd	Granted [#]	3 km ²	North-northeast of Zeehan – includes North Cuni/Genets, Nickel Reward, Deveraux
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	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	Tenure is secure and there are no known impediments to obtaining a licence to operate.																																										
<i>Exploration done by other parties</i>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	<p>A zinc exploration joint venture between CRA Exploration Pty Limited and Allegiance Mining over the period 1991 to 1997 identified elevated nickel in stratigraphic exploration drill holes targeting magnetic anomalism.</p> <p>In January 1998 Allegiance drilled discovery hole A001 into the Central Avebury orebody.</p>																																										

<i>Geology</i>	<i>Deposit type, geological setting and style of mineralisation.</i>	<p>The Avebury nickel sulphide deposit is hosted in moderately to steeply dipping Cambrian ultramafic intrusive rocks belonging to the Mclvor Hill Mafic-Ultramafic Complex.</p> <p>The whole sequence has undergone moderate contact metamorphism to hornfels accompanied by mild to strong metasomatism during the intrusion of the Heemskirk Granite at the end of the Devonian Tabberabberan Orogeny. Variable metasomatism of the ultramafic rock has formed two distinctly different gangue mineral assemblages: a serpentinite-magnetite gangue (SERP) and an intensely metasomatised tremolite-diopside-magnetite gangue (SKSP). The ultramafic shows a moderately tight antiform geometry gently plunging to the west. Most of the nickel sulphide mineralisation is located within the ultramafic immediately adjacent to its margins. Nickel grades diminish toward the interior of the ultramafic body. Mineralisation is dominated by a pentlandite-pyrrhotite-magnetite assemblage with much lesser millerite, gersdorffite and niccolite.</p> <p>Mineralised widths vary from 4 to 40 m and average around 10 m true width. Mineralised lenses are generally around 50–600 m in length and can extend over 400 m down dip.</p>
<i>Drill hole information</i>	<i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> • Easting and northing of the drill hole collar • Elevation or RL (Reduced Level – Elevation above sea level in metres) of the drill hole collar • Dip and azimuth of the hole • Downhole length and interception depth • Hole length. 	<p>The database contains 456 diamond drill holes and associated data. No individual hole is material to the resource estimated and hence this geological database is not supplied.</p> <p>This is a Mineral Resource Statement and is not a report on Exploration Results hence no additional information is provided for this section.</p>
	<i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i>	Exploration Results are not being reported.
<i>Data aggregation methods</i>	<i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i>	Exploration Results are not being reported.
	<i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i>	Exploration Results are not being reported.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	Exploration Results are not being reported.
<i>Relationship between mineralisation widths and intercept lengths</i>	<i>These relationships are particularly important in the reporting of Exploration Results.</i>	Exploration Results are not being reported.
	<i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i>	Exploration Results are not being reported.

	<i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. “downhole length, true width not known”).</i>	Exploration Results are not being reported.
<i>Diagrams</i>	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	Significant discoveries are not being reported.
<i>Balanced reporting</i>	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	Exploration Results are not being reported.
<i>Other substantive exploration data</i>	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	All diamond drill hole information was considered for this Mineral Resource estimation. This is a Mineral Resource Statement and is not a report on Exploration Results, hence no additional information is provided for this section.
<i>Further work</i>	<i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i>	No future work program is currently planned. Future work is likely to focus on stope delineation.
	<i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	Diagrams are provided in the body of the report.

JORC 2012 Table 1 Section 3 – Key Classification Criteria

Criteria	JORC Code explanation	Commentary
Database integrity	<i>Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.</i>	<p>The following measures were taken at the time the data were collected to ensure the data were not corrupted:</p> <ul style="list-style-type: none"> All data were stored in a customised Microsoft Access database and converted to the MMG GBIS database by the MMG Exploration Department in 2009/10. All logging was entered into Microsoft Excel and loaded into the database. Assay data were loaded from Microsoft Excel directly into database pre-2009. Post 2009 laboratory files were directly loaded into GBIS. Data integrity was validated for end-of-hole (EOH) depth and sample overlaps. Manual checks were carried out by plotting and review of sections and plans. Drill hole A007 has been removed from the database due to inaccurate survey results.
	<i>Data validation procedures used.</i>	CSA Global completed numerous checks on the data. Absent collar data, multiple collar entries, suspect downhole survey results, absent survey data, overlapping intervals, negative sample lengths and sample intervals which extended beyond the hole depth defined in the collar table were reviewed.
Site visits	<i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i>	Tony Donaghy, Competent Person for Sections 1 and 2 of JORC Code Table 1, completed a site visit in 2020.
	<i>If no site visits have been undertaken indicate why this is the case.</i>	Not applicable.
Geological interpretation	<i>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</i>	<p>Mineralisation is hosted in Middle Cambrian ultramafic bodies intruding Cambrian volcanoclastic sediments. Both host volcanoclastic and ultramafic intrusions are steeply north dipping in an overturned south-facing sequence. The stratigraphy and intrusions broadly strike east-west. A Devonian Granite intrusion has strongly hornfelsed and locally metasomatised the host sequence.</p> <p>Mineralisation consists of coarse disseminated and stringer pentlandite with minor pyrrhotite. Nickel arsenides (niccolite, maucherite, gersdorffite), although sparse, are contributors to the penalty element. They occur in elevated concentrations in discrete zones both parallel with and crosscutting the main nickel-bearing mineralisation.</p> <p>Mineral Resource estimation was done using Datamine software. Separate Nickel, Arsenic and Ultramafic domains were wireframe modelled using north-south cross sections, respecting geological contacts and downhole geochemical data.</p> <p>Nickel domains are delineated on the SKSP/SERP to Volcanoclastics contact and a 0.4% Ni cut-off, which is the natural break between background ultramafic nickel and elevated nickel sulphides. Coarse pentlandite mineralisation is visible above 0.4% Ni.</p> <p>Separate wireframes were modelled for high arsenic (>300 ppm) domains.</p> <p>Although confidence in geometries defined by Indicated drill spacing is adequate for mine planning, infill drilling is required prior to stoping. This is carried out on roughly a 25 m × 15 m or closer spacing.</p> <p>Confidence in geological interpretation of Inferred mineralisation is at a lower level than Indicated mineralisation due to the limited sampling in these areas, hence implied but not verified geological and grade continuity occurs.</p>

Criteria	JORC Code explanation	Commentary
	<i>Nature of the data used and of any assumptions made.</i>	Geological logging and mapping have been used to assist with lithological and structural modelling, which guided mineralisation interpretations. A nominal cut-off grade of 0.4% Ni has been used to define outer mineralisation envelopes.
	<i>The effect, if any, of alternative interpretations on Mineral Resource estimation.</i>	Alternative interpretations are likely to have a material impact on the Mineral Resource estimate on a local but not global basis. There remains some uncertainty regarding the interpretations that have been made on a local basis.
	<i>The use of geology in guiding and controlling Mineral Resource estimation. The factors affecting continuity both of grade and geology.</i>	Geological logging and mapping have been used to guide Mineral Resource estimation.
<i>Dimensions</i>	<i>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</i>	Mineralised lenses are located on the flanks of the antiformal ultramafic body. True widths vary from 4 m to 40 m and average around 10 m true width. Lenses are between 50 m and 600 m in length and can extend over 400 m down dip. Mineralisation extends between: <ul style="list-style-type: none"> • 353,700 m E to 355,900 m E • 5,357,100 m N to 5,357,750 m N • 1,550 m RL to 2,200 m RL.
<i>Estimation and modelling techniques</i>	<i>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</i>	The Avebury Mineral Resource is located within the bounds of ML3M/2003 and ML6M/2007. Mineral Resources within ML6M/2007 are identified as "East Avebury" in the Mineral Resource Statement. Model attributes were interpolated using ordinary kriging. Parent block size was set to 10 m × 10 m × 10 m with sub-blocks 1.25 m × 2.5 m × 1.25 m. For the estimate, sample intervals were composited to approximately 1 m so that no residuals were created. 40 Nickel domains were based on SKSP/SERP to Volcaniclastics contact and cut-off of 0.4% Ni. Domains include internal dilution. Domains at times consist of 2 to 3 lenses. Lenses range in size from 50 m × 50 m × 4 m up to 300+ m × 200 m × 20+m. These domains were used for the estimation of Ni, S and Co. 24 Arsenic domains were based on a 300 ppm cut-off where width is >4 m. Arsenic samples outside of these domains were top cut to 5,000 ppm (0.2% of samples). The estimate of each element was undertaken using hard domain boundaries and a series of elliptical search passes oriented in the plane of mineralisation. These search orientations and sizes were supported by variography analysis. The first estimation search pass was 120 m × 80 m × 40 m. Additional larger passes were used to estimate less well-informed blocks. The first estimation search pass employed a minimum of 8 and maximum of 32 samples and a minimum of 3 octants with a minimum of 1 and maximum of 16 samples per octant. Estimates were also limited to a maximum of 4 samples from any given hole. Additional passes used more relaxed criteria to estimate the less well-informed blocks. Statistical analysis between estimated blocks and input data were reviewed. Visual checks of block grades and drill hole data in plan and section. Extrapolation distances in general are 25–50 m but occur up to 100 m in less well-drilled areas.
	<i>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</i>	No accurate mine production records were made available to enable checking the reported Mineral Resource estimate.

Criteria	JORC Code explanation	Commentary
	<i>The assumptions made regarding recovery of by-products.</i>	The recovery and payment for cobalt will be subject to future concentrate sales agreements.
	<i>Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).</i>	Arsenic has been estimated and is the main deleterious element. Ongoing monitoring is required.
	<i>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</i>	Parent block size was set to 10 m × 10 m × 10 m, with sub-blocks 1.25 m × 2.5 m × 1.25 m. The drill hole data spacing is highly variable but approximates 20 m along strike by 20 m down dip in the well-drilled areas. The block size therefore represents approximately half the drill hole spacing in the more well-drilled areas of the deposit.
	<i>Any assumptions behind modelling of selective mining units.</i>	No assumptions were made regarding selective mining units.
	<i>Any assumptions about correlation between variables</i>	No assumptions have been made regarding correlation between variables.
	<i>Description of how the geological interpretation was used to control the resource estimates.</i>	40 Nickel domains based on the SKSP/SERP to Volcaniclastics contact and a cut-off of 0.4% Ni were interpreted to constrain grade estimation.
	<i>Discussion of basis for using or not using grade cutting or capping.</i>	No high-grade cuts were applied to the Ni, Co, S, FeO or MgO data as they were deemed unnecessary following statistical analysis. Arsenic samples outside the high-grade arsenic domains were cut to 5,000 ppm.
	<i>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</i>	Drill hole grades were initially visually compared with cell model grades. Swath plots were then created to compare drill hole grades with block model grades for easting, northing and elevation slices throughout the deposit. The block model reflected the tenor of the grades in the drill hole samples – both globally and locally.
Moisture	<i>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</i>	Tonnages are estimated on a dry basis.
Cut-off parameters	<i>The basis of the adopted cut-off grade(s) or quality parameters applied.</i>	All blocks within the 0.4% Ni envelope were reported. The adopted cut-off grade is considered reasonable for Mineral Resources which are likely to be extracted by underground methods.
Mining factors or assumptions	<i>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</i>	No mining factors have been applied to the Mineral Resource. The cut-off grade selected for reporting represents an underground incremental cut-off grade.

Criteria	JORC Code explanation	Commentary
Metallurgical factors or assumptions	<i>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</i>	<p>Metallurgical testwork was completed for the Indicated areas of the Mineral Resource and selected areas of the Inferred Mineral Resource. Testwork included standard variability, comminution, grinding and float tests and the treatment of bulk samples from selected mineralisation types.</p> <p>The metallurgical processing plant containing crushing, grinding and flotation stages to produce nickel sulphide concentrate operated between mid-2008 and early 2009. The plant has a nameplate design of 900 ktpa at 79% Ni recovery to a 20%+ Ni in concentrate grade.</p> <p>The plant is currently on care and maintenance.</p> <p>A small portion of nickel concentrate produced during the period of operation contained arsenic levels which reached unsaleable levels.</p> <p>It is assumed that production scheduling, blending and processing strategies will enable the sale of future concentrates. It is assumed that concentrate limits for deleterious elements will not change.</p>
Environmental factors or assumptions	<i>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.</i>	<p>Avebury operates under Land Use Permit (DA P7/2004) issued by the Tasmanian Environmental Protection Authority (EPA) dated 29 June 2005.</p> <p>Environmental Protection Notice (EPN 7446/2) for mining to 900 ktpa on ML3M/2003 was issued by the EPA in July 2009.</p> <p>An application for an EPN for mining on ML6M/2007 has been submitted to the EPA but has not progressed by either party due to suspension of operations.</p> <p>Licence exceedance for water discharge is an ongoing issue which has been recognised by the EPA to be caused by inappropriate licence conditions.</p>
Bulk density	<i>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</i>	Bulk density measurements are undertaken by the weight in air (oven dried)/weight in water technique. The density measurements were compared against elemental compositions to generate Indexed density formulas for SERP and SKSP rock types.
	<i>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.</i>	No sealing of core was undertaken as core porosity is low.
	<i>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</i>	<p>The Indexed density formulas applied to the estimated blocks grades in each domain to calculate the resultant dry bulk density are:</p> <ul style="list-style-type: none"> SKSP = $0.029 * (-0.85 * \text{FeO}\% + \text{MgO}\% * 0.6) + 3.4$ SERP = $0.065 * (0.3 * \text{FeO}\% + 0.6 * \text{S}\% + 0.1 * \text{Ni}\%) + 2.44$ HOST = 2.89.
Classification	<i>The basis for the classification of the Mineral Resources into varying confidence categories.</i>	<p>Classification is based on data spacing and distribution relative to the distribution and continuity of nickel mineralisation, which is often coincident with geological contacts. These features identified in drilling are demonstrated by mapping of underground development exposures.</p> <p>Indicated Mineral Resource areas contain a drill spacing of <60 m × 40 m.</p> <p>Inferred Mineral Resource areas contain a drill spacing of approximately 40–100 m × 60–100 m.</p>

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1 August 2022

The Board of Directors
Mallee Resources Limited
Suite 1, 9 Havelock Street
WEST PERTH WA 6005

Dear Sirs

SOLICITOR'S REPORT ON TASMANIAN TENEMENTS

This solicitor's report on tenements (**Report**) is prepared for annexure to the prospectus to be issued by Mallee Resources Limited (ACN 124 943 728) (**Company**) in connection with the acquisition of Tasmanian tenements held by Allegiance Mining Pty Ltd (ACN 059 676 783) (**Allegiance**) and D & B Mining Pty Ltd (ACN 643 948 574) (**D & B**) (**Prospectus**).

1. Scope

The Report relates to two mining leases (**ML**), three exploration licences (**EL**) and one retention licence (**RL**), all located in Tasmania (collectively the **Tenements**), one of the ELs is held by D & B and the balance are held by Allegiance.

Details of the Tenements are set out in the first schedule of this Report (**Schedule 1**). In addition to the list of the Tenements, Schedule 1 contains notes in relation to the status of the Tenements and conditions affecting the Tenements.

2. Searches

For the purposes of this Report, we have conducted searches and made enquiries in respect of the Tenements as follows:

2.1. Title Searches

We reviewed searches of the Tenements that we conducted on 8 June 2022 on the registers maintained by Mineral Resources Tasmania of the Department of State Growth (**MRT**) pursuant to the *Mineral Resources Development Act 1995* (Tas) (**MRD Act**). Key details of the status of the Tenements are set out in Schedule 1.

2.2. Aboriginal Heritage Searches

We reviewed the results of searches of the Aboriginal Heritage Register conducted by Aboriginal Heritage Tasmania (**AHT**) of the Department of Natural Resources and Environment Tasmania in respect of Aboriginal heritage sites within the Tenements that are protected by the *Aboriginal Heritage Act 1975* (Tas). The searches in relation to the Tenements were all requested on 7 June 2022 and received in relation to the D & B Tenement on 21 June 2022 and in relation to the Tenements held by Allegiance (**Allegiance Tenements**) on 24 June 2022. Further details are set out in paragraph 6 below.

2.3. Native Title Searches

We conducted searches of the National Native Title Tribunal (**NNTT**) databases on 8 June 2022 in respect of any registered native title claims and native title determinations that apply to the Tenements.

At the time of the search there were no registered Native Title Claims, Indigenous Land Use Agreements or unregistered Native Title Applications in Tasmania. Further details are in paragraph 6 below.

2.4. Material Agreements

We have reviewed all material agreements relating to the Tenements provided to us or registered as dealings against the Tenements as at the date of the MRT searches and have summarised the material terms in the second schedule of this Report (**Schedule 2**).

3. Executive Summary

Subject to the qualifications and assumptions in this Report, we consider the following to be material issues in relation to the Tenements:

- (a) **(Security)**: As set out in Schedule 1, the required security for 3M/2003 and 6M/2007 is \$10,000,000; the required security for 3M/2003 having been recently increased to \$9,920,000 as a result of a new mining plan. The paid-up security for 3M/2003 and 6M/2007 as at the date of this Report is \$8,500,000 leaving a shortfall of \$1,500,000 which forms Stage 2 and is payable 6 months after production of concentrate commences. MRT has advised that the additional \$1,500,000 security is required prior to any works commencing in relation to the tailings dam.

With the exception of the \$7,900,000 in security provided by Allegiance, the security for the balance of the Allegiance Tenements has been provided by Lottah Mining Pty Ltd (**Lottah**), an entity that is owned by Junyu Su and Chengyu Gan. Lottah is not controlled by Allegiance and Allegiance may need to replace the existing security in place if it is withdrawn by Lottah.

The security for the EL held by D & B has been provided by Zebs Minerals Pty Ltd (ACN 167 761 113) (**Zebs**). Zebs is the sole shareholder of D & B. Neither D & B nor Zebs are controlled by Allegiance and Allegiance may need to replace the existing security in place if it is withdrawn by Zebs.

- (b) **(Material Agreements)**: multiple agreements are registered on EL28/1988 and EL43/1992 which related to various Farm-In and Joint Venture Agreements. Allegiance announced to its shareholders on 22 June 2000 that it had earned 100% ownership of the Zeehan Nickel Project with the 10% interest held by Rio Tinto reverting to a 2% net smelter royalty to Rio Tinto (**Royalty**).

The Company does not have sufficient documentation to confirm whether the Royalty continues to exist. The Company should seek to have the MRT register updated to withdraw the agreements from the MRT register.

4. Opinion

We are satisfied, as a result of:

- (a) enquiries undertaken with MRT;
- (b) searches of the Tenements of the register maintained by MRT;
- (c) a review of copies of the relevant agreements, transfers, deeds and other contracts provided to us by the Company relating to the ownership of the relevant interests of all of the Tenements;
- (d) a review of the applicable mineral resources legislation;

- (e) a review of searches conducted by the NNTT of native title claims lodged over land covered by the Tenements; and
- (f) a review of search results provided in respect of Aboriginal heritage sites, that, subject to the assumptions and qualifications set out in this Report, and rights, interests, encumbrances and obligations arising under the Tenements:
- (g) the details of the Tenements included in this Report are accurate as to the status and registered holders of those Tenements;
- (h) except as set out in this Report, the Tenements are not subject to any unusual conditions of a material nature; and
- (i) if the Tenements are not in good standing as far as the payment of rent is concerned, that fact is disclosed in Schedule 1.

5. Tenement Details

5.1. Tenements

A summary of Tenements is contained in Schedule 1 which includes the holder, area, size, term, renewal details, security, rent, and applicable conditions.

5.2. Tenure and access

The areas of the Tenements comprise various types of land tenures and administrative management zones as detailed in the table below.

Tenement	Land tenure and administrative management zone
3M/2003	Informal Reserve, Private Parcel, State Forest
6M/2007	Informal Reserve, State Forest
EL28/1988	Authority Land, Conservation Area, Crown Land, Informal Reserve, Private Parcel, Public Reserve, Regional Reserve, State Forest
EL43/1992	Crown Land, State Forest
RL5/2009	CLAC, Crown Land, State Forest
EL5/2020	Authority Land, Crown Land, Informal Reserve, Regional Reserve, State Forest/Permanent Timber Production Zone Land, Vegetation by Prescription

A map of each of the Tenements is included in Annexure A.

Provided that any mineral exploration carried out is consistent with the standards specified in the Mineral Exploration Code of Practice (**MECOP**) published by MRT from time to time, then nothing in any council planning scheme or the Tasmanian Planning Scheme affects the undertaking of mineral exploration in accordance with a ML, an EL, or a RL issued under the MRD Act: s 11 (3) *Land Use Planning and Approvals Act 1993* (Tas). MLs may be subject to planning scheme requirements.

The MRD Act applies to all land and minerals with the exception of land that is set aside for a public purpose, other than as a public reserve or permanent timber production zone land, where the Minister has not declared that the MRD Act, or any provision of the Act, applies to the specified land.

An application for an EL requires an outline of the proposed works program, a description of the area of land in respect of which the licence is sought, details of the financial and technical resources available to the applicant, an estimate of the proposed expenditure on activities under the licence and environmental impact information. MRT assesses the work program and seeks comment from appropriate agencies regarding any restrictions or conditions to be imposed on the works.

In land areas deemed 'sensitive', including for example: conservation areas, forest reserves; and areas that contain prescribed vegetation; an investigation is done by the Mineral Exploration Working Group (**MEWG**), an interdepartmental committee. Conditions may be placed on licence holders to preserve those areas. MLs 6M/2007 and 3M/2003 each have conditions specific to state forest areas within those tenements. This issue would be considered by MEWG at the time that the Company applies for tenement over a new or previously unmined area, and appropriate conditions would be included in the relevant instrument.

5.3. Exclusions

Land categories generally excluded from the Tenements include:

- MLs, special ELs, ELs and RLs for the same category of mineral which were applied for or were in force prior to the date of the application of Allegiance's licences or leases;
- land exempt from the MRD Act such as 'exempt areas' which are usually declared to allow for geological assessment of particular areas by Mineral Resources Tasmania;
- the top two metres of land of a Fossicking Area (the land beneath this depth will be included and may be explored from the Fossicking area);
- land which is reserved under the *Nature Conservation Act 2002* (Tas) such as state reserves, national parks, historic sites, nature reserves, game reserves and some conservation areas;
- land reserved under the *Aboriginal Heritage Act 1975* (Tas);
- public reserves under the *Crown Lands Act 1976* (Tas);
- Commonwealth land, Telstra installations and land leased to the Commonwealth for military purposes;
- Ramsar sites (significant waterbird habitats); and
- areas which are regarded as having conservation or social values which may conflict with the planned exploration and potential mining.

It is important to refer to Schedule 1 of this Report for details of the exclusions and specific conditions applying to each Tenement.

5.4. Overlapping titles

Each of the below overlapping tenements is shown in the plans at Annexure B.

Mining Leases

There are two overlapping MLs:

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1. 1M/2021 overlaps with the licensed area under EL28/1988. The lessee under 1M/2021 is Raymond Harback Pty Ltd, the lease was granted on 11 June 2021 and expires on 30 June 2026, and relates to Category 3 - Construction Minerals, specifically granite.
 2. 12M/1995 overlaps with the licensed area under EL43/1992. The lessees under 12M/1995 are Bluestone Mines Tasmania Pty Ltd and YT Parksong Australia Holding Pty Ltd, the lease was granted on 7 August 1995 and expires on 1 August 2031, and relates to Category 1 - Metallic Minerals, Atomic Substances and Category 3 - Construction Minerals. 12M/1995 does not overlap with RL5/2009.

Exploration Licences

There is an overlapping EL:

3. EL9/2019 overlaps with the leased area under 3M/2003. The licensee of EL9/2019 is Ten Star Mining Pty. Ltd., the license was granted on 11 June 2021 and expires on 10 June 2026, and relates to Category 1 - Metallic Minerals, Atomic Substances. MRT advised that EL

MRT have advised that MLs for different categories can co-exist, where the operations are not detrimental to one another (for example, a quarry and underground operation). This explains overlap 1 above.

MRT have advised that the areas of EL43/1992 and EL9/2019 that overlap with a ML are not available for mining by the respective licence holders. However, if the relevant ML were to be terminated, the overlapping areas would become available to the EL holders once again.

Applications for new ELs are prioritised firstly by time. If they are lodged on the same day, MRT will determine priority by the merits of the applications. A ballot is held if they are of equal merit.

Applications for MLs are prioritised by first to mark out the land and if they are marked out on the same day, MRT will rely on the merits. A ballot is held if they are of equal merit.

The area of an EL must not include an area which is subject to a licence for the same mineral or category, is subject to a ML or application for a ML, or is subject to an application for a RL.

5.5. Term and Renewal of Mining Leases

Allegiance holds an interest in two MLs. A ML entitles the holder to carry on mining operations on the leased premises by all approved methods permitted for the category or minerals allowed.

A ML will not include land that is already subject to a mineral tenement for the minerals, or a category of minerals, to which the lease is to relate, or which is the subject of an application for the same.

A ML, unless revoked earlier, is in force for the period the Minister determines. A renewal of a ML may be applied for not more than three months before and not later than one month after the expiry of the current term. Further renewals may be granted or refused at the discretion of the Minister, with or without conditions.

3M/2003 is in its first term and is due for renewal in 2024.

6M/2007 is in its first term and is due for renewal in 2024.

Where private land is affected, a ML holder must initially give each relevant owner of land fourteen days' notice, unless otherwise agreed, and enter into a compensation agreement prior

to accessing the land for advanced activities, such as vegetation clearing, drilling or mining. Where agreement cannot be reached, recourse may be had to the Mining Tribunal.

3M/2003 is affected by private land and there are no compensation agreements currently registered. It is also affected by an informal reserve and State Forest.

6M/2007 is not affected by private land, but it is affected by an informal reserve and State Forest.

In relation to private land, MRT advised that they do not have record of compensation agreements with private landowners on Allegiance's MLs.

In relation to informal reserves and State Forests, this is an issue which is considered at the time of the submission of a works program for the relevant area. Both 3M/2003 and 6M/2007 include conditions relating to State Forests.

A holder of a mining lease is required to submit quarterly returns, and annual and final reports as required by the MRD Act.

A ML may be sub-leased or transferred with the prior approval of the Minister, but it is of no effect unless approved by the Minister.

Conditions of a ML

Conditions are imposed at the time of grant on MLs and generally include conditions relating to the payment of rents, royalties, fees and charges, and exclusions. Where lease conditions are not complied with, the Minister may have the right to comply with the condition and pass on the cost to the holder. In some circumstances, the Minister may also have the ability to cancel the ML.

Each ML is subject to conditions, among other things, that the holder:

1. carry out operations consistently with the mining plan most recently approved;
2. not to start work until all legislative requirements have been satisfied;
3. pay rental and royalties as prescribed by the applicable legislation and regulations thereto;
4. pay the security deposit as amended from time to time;
5. obtain insurance as set out in the lease;
6. not become insolvent;
7. not use the leased premises for any purpose other than the Authorised Purpose;
8. extract as much of the mineral as is consistent with the authorised purpose, safety and good mining practice;
9. avoid or protect mining features or artefacts of cultural heritage significance, to undertake an audit of the same upon request, and to notify MRT of any which are uncovered;
10. where required by MRT, provide an updated mining plan;
11. stack non-merchantable timber and other cleared vegetation within a cleared area;
12. not cut, remove or use any timber for mining or domestic purposes;
13. provide drains and settling ponds and related obligations;
14. not to damage or interfere with existing or future roads, tracks, water licences or easements, or drainage systems;
15. remove and stockpile surface soil separately from other overburden;
16. rehabilitate worked-out areas concurrently with operations so un-rehabilitated areas do not go above a set threshold;

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17. obligations in relation to fire safety;
 18. clean all equipment entering and leaving the leased area;
 19. establish a buffer zone parallel to the common boundary with all adjoining land and not to conduct operations therein;
 20. notice, remediation, equipment removal and other obligations upon the ceasing of mining operations;
 21. specific obligations in relation to areas of the leased area which are State Forest, set out in a schedule;
 22. pay all rates and charges levied on the leased area;
 23. maintain all records and provide the same on demand, as required under the MRD Act; and
 24. keep the leased area tidy.

The above is not a complete summary of all conditions of the MLs held by Allegiance.

5.6. Term and Renewal of Exploration Licences

Allegiance holds an interest in two ELs and D & B holds an interest in one EL. No person other than the licensee is able to explore for minerals to which any EL relates without the permission of the licensee.

The Minister may grant an EL subject to any conditions the Minister considers appropriate. Any condition may be varied by the Minister by rescinding, adding, substituting or amending.

An EL will not include land that is already a mineral tenement in respect of the same minerals, or that is the subject of an application for a RL or ML.

An EL is generally in force for five years from the date the application is granted unless revoked earlier. Extensions may be granted for further periods as the Minister determines with or without conditions.

The Minister must grant an application for an extension if satisfied that:

1. The exploration to be carried out during the term of the licence has been completed; and
2. The licensee has submitted any report or return as required; and
3. The licensee has submitted a suitable program of work for the period of extension; and
4. Further detailed exploration is justified because substantiated results indicate the probability of a discovery leading to profitable mining operations.

5.7. Term and Renewal of Retention Licences

Allegiance has an interest in is one RL. The holder of an EL has an exclusive right, unless foregone by notice in writing, to apply for a RL.

The Minister may grant a RL, subject to any conditions the Minister considers appropriate, where the Minister is satisfied:

1. that the land comprised in the area is likely to be able to be effectively and efficiently mined for the minerals to which the licence relates; and
2. that there is sufficient quantity of minerals to justify mining; and
3. the applicant is justified for economic or other reasons not to proceed to mine; and
4. the applicant provides a security deposit.

The Minister may vary or rescind any condition of the RL.

A RL is generally in force for five years unless revoked earlier and may be extended for any period or periods not exceeding five years.

A RL authorises the licensee to carry out works necessary to evaluate the potential for mining, namely:

1. geological, geophysical and geochemical exploration programs;
2. mining feasibility studies;
3. metallurgical testing;
4. environmental studies;
5. marketing studies;
6. engineering and design studies; and
7. to enter on and pass over Crown land or private land for those purposes.

5.8. Application for Mining Leases

The holder of an EL has the exclusive right to mark out and apply for a ML over the land within the area the subject of the licence for the minerals specified in the licence subject to any terms and conditions considered appropriate by the Minister. Another party may not apply for a ML in relation to an area of land comprised in an EL until a date specified by the Director that is at least two months after the expiry of the licence.

Mining without a ML is prohibited unless:

1. carried out on private land and for Category 3 minerals only; or
2. a person is authorised to do so under a mineral tenement.

An application for a ML is to be lodged within seven days of marking out the area.

Any person with an interest in land, the subject of an application for a ML may object to the grant of a ML.

5.9. Generally Applicable Conditions – Exploration Licences

ELs are generally granted subject to various conditions and obligations prescribed by the MRD Act including for example:

1. carry out such programs of works as are approved from time to time and in accordance with the MRD Act;
2. rent payable at the prescribed rate;
3. where the target mineral is subject to royalty payments to the State of Tasmania, to pay such royalty as prescribed in the MRD Act and its regulations from time to time;
4. minimum expenditure commitments;
5. written notice must be given to the owner or occupier of private land 14 days prior to entering or passing over such land;
6. exploration must not occur without the consent of the owner or occupier of private land within 100 metres of the surface of any natural or artificial lake, reservoir or any dwelling or substantial building;
7. compensation may be payable to the owner or occupier of private land for any compensable loss suffered as a result of exploration by the licensee;
8. compensation may be payable to the Crown for any damage to improvements on Crown land;

9. compensation is payable as agreed or in the absence of agreement as determined by the Mining Tribunal;
10. annual reports and other returns that are required by the Director;
11. exploration work and rehabilitation must be done efficiently and effectively and in accordance with the standards specified in any relevant Code of practice; and
12. licences may be revoked if the licensee fails to comply with any provision of the MRD Act or any condition of the licence, or if the Minister is satisfied that any area of land comprised in the licence is required for any public purpose.

Allegiance's ELs were granted under the prior act, the effect of this is discussed in Schedule 1. D & B's EL was granted in 2020, so that commentary is not applicable to the D & B EL.

Transfers of licences are of no effect unless approved by the Minister.

No specific planning or environmental approval is required for exploration carried out under a licence. However, all exploration programs must be approved by MRT and be conducted to environmental standards set out in the MECOP. MLs may be subject to planning scheme requirements. Specific conditions are also applicable to the Tenements and are specified in Schedule 1 to this Report.

6. Aboriginal Heritage

6.1. Tasmanian Aboriginal Site Index (TASI) Search

On 7 June 2022, on behalf of the Company we made a request to Aboriginal Heritage Tasmania (AHT), Department of Primary Industry, Parks, Water and Environment, for an Aboriginal Heritage Desktop Review in relation to the Tenements.

On 24 June 2022 in relation to the Allegiance Tenements and 21 June 2022 in relation to the D & B EL, AHT provided responses which revealed as follows:

Tenement	Details
3M/2003	There are no Aboriginal heritage sites recorded within this tenement
6M/2007	There are no Aboriginal heritage sites recorded within this tenement
EL28/1988	There are several Aboriginal heritage sites within or very close to this tenement
EL43/1992	There is an Aboriginal heritage site within this tenement
RL5/2009	There are no Aboriginal heritage sites recorded within this tenement
EL5/2020	There are no Aboriginal heritage sites recorded within this tenement

The locations are shown in at Annexure C of this Report. If works are to occur near these sites, the proponent should contact AHT for further advice. The MEWG may ask an explorer to undertake an archaeological survey prior to works being approved and the proposed program may be modified or additional conditions placed on the proposed work so that the cultural historical values of a place are not compromised.

The holder must ensure that it does not breach the Commonwealth and Tasmanian legislation relating to Aboriginal heritage as set out below. There is an obligation under the *Aboriginal Heritage Act 1975* (Tas) to report a relic if it is found. To ensure that it does not contravene such legislation, it would be prudent for the holder to conduct independent heritage surveys to determine if any Aboriginal sites or objects exist within the areas of the Tenements, in addition to those noted above. Any interference with these sites or objects must be in strict conformity with the provisions of the relevant legislation.

6.2. Commonwealth Legislation

The *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) (**Commonwealth Heritage Act**) is aimed at the preservation and protection of any Aboriginal areas and objects that may be located on the Tenement.

Under the Commonwealth Heritage Act, the Minister for Aboriginal Affairs may make interim or permanent declarations of preservation in relation to significant Aboriginal areas or objects, which have the potential to halt exploration activities.

Compensation is payable by the Minister for Aboriginal Affairs to a person who is, or is likely to be, affected by a permanent declaration of preservation.

It is an offence to contravene a declaration made under the Commonwealth Heritage Act.

6.3. Tasmanian Legislation

Tenements are granted subject to a condition requiring observance of the *Aboriginal Heritage Act 1975* (Tas) (**Aboriginal Heritage Act**).

Where any Aboriginal artefacts or objects of historical interest are discovered, operations shall be conducted so as not to damage or interfere with the site or objects and the licensee shall otherwise observe the provisions of the Aboriginal Heritage Act.

MRT is charged with the maintenance and management of every protected site and the protection and preservation of the protected objects on and in that site. MRT will cause to be carried out such work as is necessary for protecting, preserving, restoring or repairing a protected object or any other object in or on that site.

MRT's consent is required where any use of land is likely to result in the destruction, damage, disfiguration, excavation, alteration or otherwise of any 'protected objects' as declared under the Aboriginal Heritage Act.

7. Native Title

MRT takes the view that native title does not apply in Tasmania as there is no recognition of continuous association with Tasmanian land. There are no registered native title claims or determinations in Tasmania and MRT considers that any native title claim brought before the Courts would be extremely unlikely to succeed.

If the view of the MRT is ever challenged and held to be invalid, then the land subject to the Tenements may be subject to native title claims and it would be necessary to comply with the process in the *Native Title Act 1993* (Cth) (**NTA**) prior to the grant of any tenement whose perimeter overlaps with native title land.

8. Material Encumbrances and Interests

The encumbrances and third-party interests referred to in Schedules 1 and 2 represent those which are apparent from a search of the register maintained by MRT.

9. Assumptions and Qualifications

This Report (including Schedule 1 and 2) is based on, and is subject to, the assumptions and qualifications set out below and as otherwise specified elsewhere in this Report.

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- 9.1. In compiling this Report, we have relied upon the accuracy, completeness and currency of information provided by third parties, including MRT, NNTT, AHT and the Company and its representatives and agents in response to enquiries and searches made, or caused to be made by us. We cannot comment on whether any changes have occurred in respect of Tenements between the date on which the information was provided to us and the date of this Report.
 - 9.2. The references in the Schedules 1 and 2 to this Report to the areas of the Tenements are taken from details shown on the searches we have obtained from MRT. No independent survey was conducted to verify the accuracy of those areas.
 - 9.3. We have assumed that any agreements provided to us in relation to the Tenements are authentic, were within the powers and capacity of those who executed them, were duly authorised, executed and delivered and are binding on the parties to them.
 - 9.4. We have assumed that the Tenements have been validly granted, that the registered holder of the Tenements has valid legal title to the Tenements and that the relevant Minister and any persons exercising delegated authority in relation to the grants have acted within the scope of their powers and discretions.
 - 9.5. Unless non-compliance with the terms and conditions of any Tenements and the provisions of the MRD Act and the regulations to the MRD Act is disclosed on the face of the searches referred to in paragraph 2, we express no opinion as to such compliance.
 - 9.6. This report does not cover any third-party interests, including encumbrances, in relation to the Tenements that are not apparent from our searches and the information provided to us.
 - 9.7. Native title or Aboriginal heritage sites may exist in the areas covered by the Tenements. We have conducted searches to ascertain what native title claims, if any, have been registered over these areas, however we have not undertaken the considerable legal, historical, anthropological and ethnographic research that would be necessary to determine if any claims are likely, or to form an opinion as to whether any future claims to native title will succeed and, if so, what the implications would be for the Company or Allegiance.
 - 9.8. The information in this report and Schedules 1 and 2 are accurate as at the date the relevant searches were obtained. We cannot comment on whether any changes have occurred in respect of the Tenements between the date of the searches and the date of the Disclosure Documents.

10. Consent

The directors of Groom Kennedy Pty Ltd and the staff involved in the preparation of this Report have no interest in or financial relationship with the Company or with Allegiance, D & B or their respective subsidiaries. Other than a fee for the preparation of this Report no pecuniary or other benefit, direct or indirect has been received by Groom Kennedy Pty Ltd in connection with the making of this Report.

Groom Kennedy Pty Ltd has given its written consent to the annexure of this Report to the Prospectus and has not withdrawn its consent prior to the distribution of the Prospectus.

This Report has been prepared only for the purposes of the Prospectus and is not to be relied upon for any other purpose.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'T. Cannon', with a stylized flourish at the end.

Tim Cannon

Groom Kennedy

D+03 6221 4806

tim.cannon@groomkennedy.com.au

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SCHEDULE 1

Tenement	Registered Holder / Applicant	Operator	Grant Date	Expiry Date	Locality	Area Size (sqkm)	Required Security	Security Paid Up (Split Lease / License)	Rent (inc. GST) (2022/23)	Mineral Categories	Notes
3M/2003	Allegiance Mining Pty Ltd	Avebury (Operating) Pty Ltd	16-10-03	16-10-24	Trial Harbour Road	4	\$9,920,000.00	\$7,900,000.00 (Allegiance Mining Pty Ltd)	\$10,288.00	Category 1 - Metallic Minerals, Atomic Substances	1, 2
6M/2007	Allegiance Mining Pty Ltd	Avebury (Operating) Pty Ltd	22-01-08	16-10-24	Comstock Creek	4	\$80,000.00	\$600,000.00 (Lottah Mining Pty Ltd)	\$10,288.00	Category 1 - Metallic Minerals, Atomic Substances	1, 3
EL28/1988	Allegiance Mining Pty Ltd	Avebury (Operating) Pty Ltd	09-12-88	09-12-22	Mt Zeehan	25	\$50,000.00	\$100,000.00 (Lottah Mining Pty Ltd)	\$1,542.75	Category 1 - Metallic Minerals, Atomic Substances	1, 4, 8, 9, 10, 11
EL43/1992	Allegiance Mining Pty Ltd	Avebury (Operating) Pty Ltd	17-05-93	16-04-23	Melba Flats	6	\$10,000.00		\$370.26	Category 1 - Metallic Minerals, Atomic Substances	1, 5, 8, 11
RL5/2009	Allegiance Mining Pty Ltd	Avebury (Operating) Pty Ltd	30-11-09	01-12-22	Melba Siding (1km West of)	3	\$40,000.00		\$8,746.50	Category 1 - Metallic Minerals, Atomic Substances	1, 6, 12

EL5/2020	D & B Mining Pty Ltd	D & B Mining Pty Ltd	12-06- 2021	11-06-2026	Little Henty River (5km N of Zeehan)	14	\$8,000	\$8,000.00 (Zebs Minerals Pty Ltd)	\$863.94	Category 1 - Metallic Minerals, Atomic Substances Category 3 - Construction Minerals Category 5 - Industrial Minerals, Semi/Precious Stone	7, 8, 11
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***Key:**

EL – Exploration Licence

M – Mining Lease

RL – Retention Licence

Unless otherwise indicated capitalised terms have the same meaning given to them in the Tenement Report.

References to numbers in the Notes Column refer to the following notes.

NOTES:

1. There is a Specific Security Deed – Mining Tenements registered on 13 September 2021 over 100% of the shares of all of Allegiance's Tenements. The instrument creates a security interest over the Allegiance Tenements in favour of Hartree Metals LLC (**Hartree**). The dealing reference is 523 and the document number is D21/175913. We are instructed that Hartree has received the Facility Agreement Debt payable under the DOCA, and, that Hartree is in the process of removing this security interest and replacing it with a new security interest over the Tenements in connection with an offtake agreement and subscription agreements between the Company and Hartree.
2. 3M/2003
 - a. There are two dealings registered against this lease:
 - i. Specific Security Deed – Mining Tenements, referred to at point 1.
 - ii. Caveat registered by Hartree on 22 September 2021 over 100% of the shares in 3M/2003, relating to the Specific Security Deed – Mining Tenements referred to at point 1. The dealing reference is 527 and the document number is D21/245461/1.
3. 6M/2007
 - a. There are two dealings registered against this lease:
 - i. Specific Security Deed – Mining Tenements, referred to at point 1.
 - ii. Caveat registered by Hartree on 22 September 2021 over 100% of the shares in 6M/2007, relating to the Specific Security Deed – Mining Tenements referred to at point 1. The dealing reference is 526 and the document number is D21/245461/1.
4. EL28/1988
 - a. The term was extended to 9 December 2022 by Grant of Extension of Term of Exploration Licence dated 17 January 2022. The Exploration Program for the extended term is as follows:
 - i. Assay samples from drillhole TH007;
 - ii. DHEM and IP surveys in the vicinity of TH007; and
 - iii. Review geophysical and geological data for further targeting.
 - b. The minimum expenditure for the current extended term of this licence is \$125,000.
 - c. There are five dealings registered against this licence:
 - i. Farm-In Agreement registered on 16 April 1991 between CRA Exploration Pty Ltd (90% share) and Major Mining Ltd (10% share). The dealing reference is 68 and there is no document number. CRA Exploration Pty Ltd changed its name to Rio Tinto Exploration Pty Ltd on 1 July 1997. See Schedule 2 for more detail.
 - ii. Farm-In and Joint Venture Agreement registered on 4 May 1995 between CRA Exploration Pty Ltd (90% share) and Allegiance Mining NL (10% share). The dealing reference is 127 and there is no document number. CRA Exploration Pty Ltd changed its name to Rio Tinto Exploration Pty Ltd on 1 July 1997. See Schedule 2 for more detail.

- iii. Joint Venture Agreement registered on 13 August 1998 between Rio Tinto Exploration Pty Ltd (0% share) and Allegiance Metals NL (0% share). The dealing reference is 207 and there is no document number. See Schedule 2 for more detail.
- iv. Specific Security Deed – Mining Tenements, referred to at point 1.
- v. Caveat registered by Hartree on 22 September 2021 over 100% of the shares in EL28/1988, relating to the Specific Security Deed – Mining Tenements referred to at point 1. The dealing reference is 525 and the document number is D21/245461/1.

5. EL43/1992

- a. There are three dealings registered against this licence:
 - i. Joint Venture Agreement registered on 13 August 1998 between Rio Tinto Exploration Pty Ltd (0% share) and Allegiance Metals NL (0% share). The dealing reference is 208 and there is no document number. See Schedule 2 for more detail.
 - ii. Specific Security Deed – Mining Tenements, referred to at point 1.
 - iii. Caveat registered by Hartree on 22 September 2021 over 100% of the shares in EL43/1992, relating to the Specific Security Deed – Mining Tenements referred to at point 1. The dealing reference is 524 and the document number is D21/245461/1.
- b. The term has been extended to 16 April 2023.
- c. The Exploration Program and the minimum expenditure for the extended term were not able to be obtained. The Company should ensure that this information is obtained in due course from MRT to ensure that all conditions of this licence can be complied with.

6. RL5/2009

- a. MRT have confirmed that a letter was sent to Andrew Crawford on 17 January 2022 confirming the extension until 1 December 2022. The status of this RL was amended to 'granted' and the final date amended to '01/12/2022' on 10 March 2022.
- b. The Exploration Program for the extended term is as follows:
 - i. Complete current drill program and Assay drill core; and
 - ii. Further explore the SP anomalies around the Melba Flats area.
- c. The minimum expenditure for the 2020/2021 term of this licence was \$72,500, we have not been able to obtain the same for the 2021/2022 term.
- d. There are two dealings registered against this licence:
 - i. Specific Security Deed – Mining Tenements, referred to at point 1.
 - ii. Caveat registered by Hartree on 22 September 2021 over 100% of the shares in RL5/2009, relating to the Specific Security Deed – Mining Tenements referred to at point 1. The dealing reference is 528 and the document number is D21/245461/1.

7. EL5/2020

- a. The Exploration Program for the first two years of the term is as follows:
 - i. An 850m drill hole.
- b. The minimum expenditure for the first two years is \$160,000.
- c. The current annual rent in Schedule 1 is based on the rate applicable to the first 2 years of an EL. After 12 June 2023, the 2nd anniversary of this EL, this rate will jump to the rate applicable to 'each subsequent year' as set by MRT. For the 2021/22 financial year the two abovementioned rates were \$29.84 and \$59.89 per square kilometre respectively.
- d. There are no dealings registered against this licence.

- 8. General provisions of ELs are set out below and those which apply to each EL are reflected in Schedule 1:

- For personal use only
- a. The Licensee must not use the Licence Area for any purpose other than the Authorised Purpose.
 - b. The Licensee must observe and perform the Special Provisions (if any) strictly and punctually.
 - c. The Licensee must comply with all applicable Legislative Requirements.
 - d. The Licensee must insure per clause 9.
 - e. The Licensee must not become insolvent.
 - f. The Licensee must comply with its covenants in clause 6 and its obligations under clause 7(b).
 - g. The Licensee must take immediate action to suppress any fire, for which there is no permit, that commences on the Licence Area while the Licensee is exercising rights under the licence.
 - h. The Licensee covenants:
 - a. investigate the mineral potential of the Licence Area by implementing the Exploration Program;
 - b. give the Director sufficient details of proposed exploration activities to enable assessment of potential environmental effects;
 - c. not to commence work without written approval of MRT;
 - d. to complete the Exploration Program and meet the Expenditure Commitment punctually;
 - e. to submit to the Director, before the start of the third and each subsequent year of the Term, an Exploration Program for the following year of the Term;
 - f. to abide by conditions placed on work approvals;
 - g. to comply with the provisions of the MECOP;
 - h. to notify the relevant land manager before entering onto State Forest or Crown Land and to comply with the requirements of the land manager when conducting exploration operations;
 - i. to compensate for, or make available for salvage, any forest produce that is removed during exploration on State Forest land at its value at the time of removal, as assessed by the District Forester;
 - j. to give Forestry Officers and their agents free access to the Licence Area if on State Forest land, including the use of roads and track for forestry purposes throughout the Term;
 - k. to ensure that the Licensee's field personnel are fully aware of, and comply with, the conditions of the Licence and the provisions of the MECOP;
 - l. to submit reports in the format and with the content specified in the MRT Guidelines for Reporting; and
 - m. to submit a relinquishment or final report upon expiry, relinquishment or cancellation of all or part of the Licence, at least 30 days before the expiry or surrender date.
 - i. The Licensee must provide any increased Deposit within 20 Business Days after being required to do so.
 - j. The Licensee provides the indemnities and waivers as set out in clause 8.
 - k. The Licensee grants to the Minister a permanent, irrevocable, free, world-wide, non-exclusive licence (including right of sub-licence) to use, reproduce, publish, adapt and exploit the Intellectual Property in the Reports, for any Crown Purpose.

Exclusions:

9. The area embraced includes State Forests but does not include:
 - a. All other public reserves or municipal reserves or roadways.
 - b. All forms of mining tenements and water licences including leases, water licences, easement licences, special and exploration licences, prospectors licences, miners rights, permits to enter, owners consents and owners rights which were in lawful possession or marked out prior to the date of marking out of this licence.
 - c. Land exempt from the provisions of the Mining Act 1929.

- d. Land under the National Parks and Wildlife Act 1970, not subject to the Mining Act 1929.
- e. All Crown reservations or other land set apart or dedicated for any public purpose.

10. The area licenced is depicted by a map that details areas excluded/excised from the licence area for reasons including: the land is an exempt area; an existing ML; Commonwealth Land; State Reserve; Nature Reserve; National Park; or Conservation Area or Forest Reserve that is exempt from the MRD Act and therefore unavailable.

11. The expenditure commitment means the sum determined from time to time by the Minister pursuant to s 26 of the MRD Act.

12. RL5/2009 is subject to conditions that the licensee:

- a. must not use the Licence Area for any purpose other than the Authorised Purpose;
- b. must observe and perform the Special Provisions (if any) strictly and punctually;
- c. must comply with all applicable Legislative Requirements;
- d. must insure per clause 9;
- e. must not become insolvent;
- f. must comply strictly with its covenants in clause 6 and its obligations under clause 7(b);
- g. must take immediate action to suppress any fire, for which there is no permit, that commences on the Licence Area while the Licensee is exercising rights under the licence;
- h. give the Director sufficient details of proposed exploration activities to enable assessment of potential environmental effects;
- i. not commence work until approved by MRT;
- j. abide by conditions placed on work approvals;
- k. comply with the MECOP;
- l. complete the Exploration Program and meet the Expenditure Commitment punctually;
- m. notify the relevant land manager before entering onto State Forest or Crown Land and to comply with the reasonable requirements of the land manager when conducting exploration operations;
- n. to compensate or make available for salvage any forest produce that is removed during exploration on State Forest land at its value at the time of removal, as assessed by the District Forester;
- o. to give Forest officers and their agents free access to the Licence Area if on State Forest land, including the use of roads and tracks for forestry purposes throughout the Term;
- p. to ensure its field personnel are fully aware of, and comply with, the conditions of the licence and the MECOP;
- q. submit reports in the format and with the content specified in the MRT Guidelines for Reporting;
- r. submit a relinquishment or final report upon expiry, relinquishment or cancellation of all or part of the licence, at least 30 days before the expiry or surrender date;
- s. provide any increased deposit within 20 business days of being required to do so.

SCHEDULE 2 – MATERIAL AGREEMENTS

1. *Dealing 68 – Farm-in Agreement*

On 23 January 1991, CRA Exploration Pty Ltd (**CRAE**) and Major Mining Ltd entered into a Farm-in Agreement in respect of EL28/1988 and 3 other tenements or applications for tenements.

2. *Dealing 127 – Farm-in and Joint Venture Agreement*

On 23 June 1993, CRAE and Allegiance Mining NL entered into a Farm-in and Joint Venture Agreement in respect of EL28/1988 and 3 other tenements or applications for tenements.

3. *Dealings 207 and 208 – Joint Venture Agreement*

On 7 November 1997, Rio Tinto Exploration Pty Limited (**Rio Tinto**) and Allegiance Mining NL entered into a Farm-in Agreement in respect of EL28/1988, EL 43/1992 and 3 other tenements or applications for tenements.

Each of the above agreements remain registered against EL28/1988 and EL43/1992 (as applicable), meaning that they have not been withdrawn. We cannot comment on compliance with the obligations of either party or the rights which have or may yet vest in any party under any of the above agreements.

Allegiance Mining NL made an announcement to shareholders on 22 June 2000 stating that it had earned 100% ownership of the Zeehan Nickel Project and that the 10% interest held by Rio Tinto would revert to a 2% net smelter royalty to Rio Tinto (**Royalty**).

The Company does not have sufficient documentation to confirm whether the Royalty continues to exist.

4. *Binding Deed – Zebs Minerals Pty Ltd, D & B Mining Pty Ltd, Moina Gold Pty Ltd, Geoffrey Summers and Mallee Resources Limited*

By binding deed dated 13 May 2022 (**Binding Deed**), the Company agreed to acquire EL5/2020, any other mining tenement or tenements held by D & B within 5km of the perimeter of EL5/2020 in any direction, an underground mine loader (together, the **Assets**) and certain other mining information, from Zebs, D & B, Moina Gold Pty Ltd (**Moina Gold**) and Geoffrey Summers (together, the **Vendors**)

The purchase price for the Assets is \$5.5 million, to be satisfied by an issue of 13,095,238 fully paid ordinary shares in the Company at a deemed issue price of \$0.42 per share. The purchase price for the other mining information is \$4, with \$1 payable to each of the Vendors.

The Binding Deed was amended by variation also dated 13 May 2022, following which the Binding Deed was conditional upon satisfaction of the following being satisfied or waived on or before 5pm on 31 August 2022:

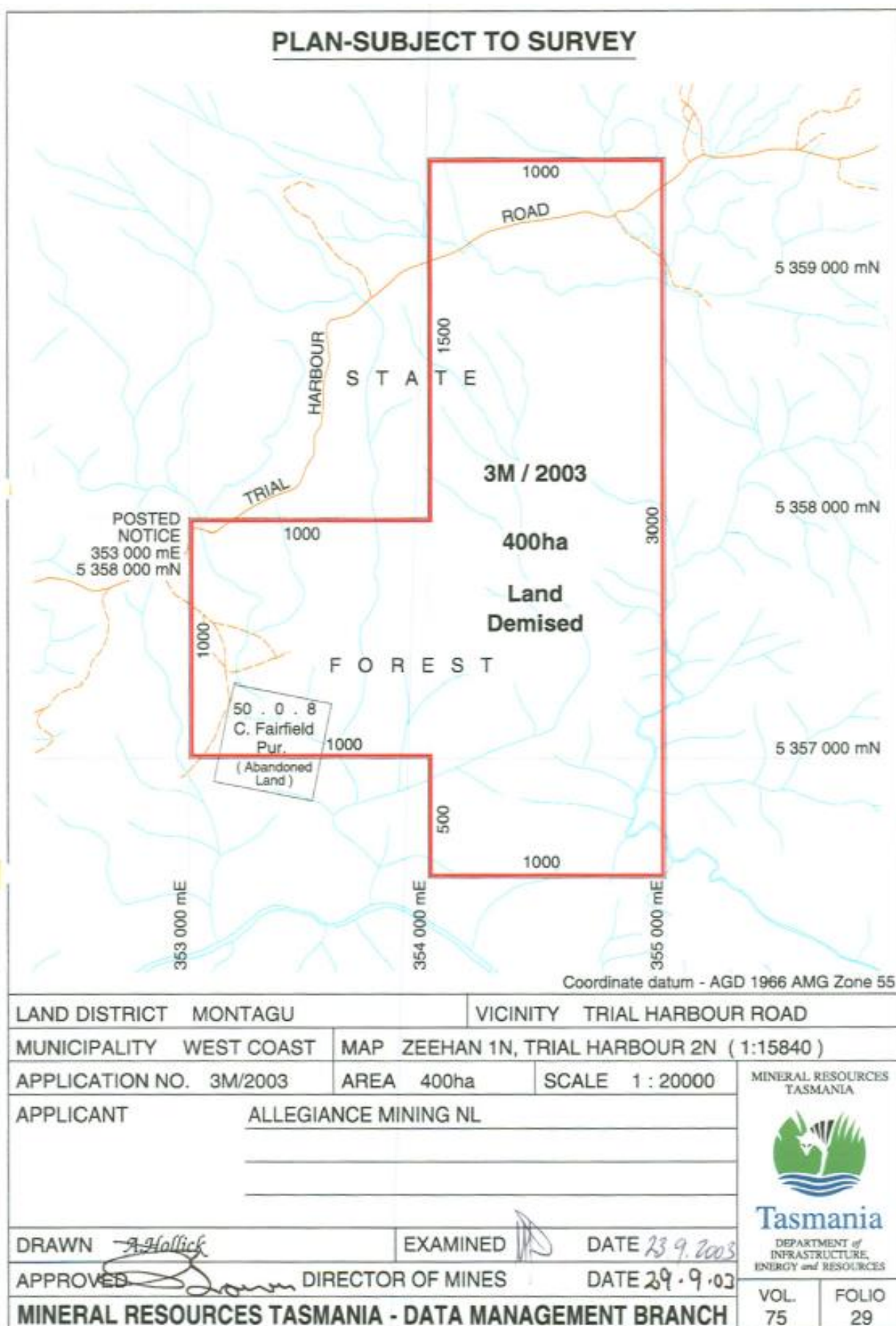
- (a) Approval from the ASX to admit the securities of the Company to trading on the official list of the ASX.
- (b) Any conditions to the effectuation of the DOCA being satisfied or waived.
- (c) Entry into a geological consultancy agreement between the Company and Moina Gold to provide the services of Mr Grant McDonald to the Company, on certain terms and conditions.

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- (d) Execution of a deed of release with Zebs and Mr Geoffrey Summers agreeing to settle and release any claims either may have against Allegiance and its related entities.
 - (e) The Company completing its due diligence investigations on the assets sold under the Binding Deed, in its sole discretion.
 - (f) The parties obtaining all necessary regulatory, shareholder and third-party approvals, consents or waivers to give effect to the transaction.
 - (g) The parties obtaining all third party approvals and consents, including under the MRD Act, necessary to lawfully complete the matters in the Binding Deed.
 - (h) There being no event occurring prior to the date of completion which materially and adversely affects the assets sold under the Binding Deed.

Completion will occur on that date which is 2 business days after the satisfaction or waiver of the last of the above conditions precedent.

ANNEXURE A – MAPS

3M/2003

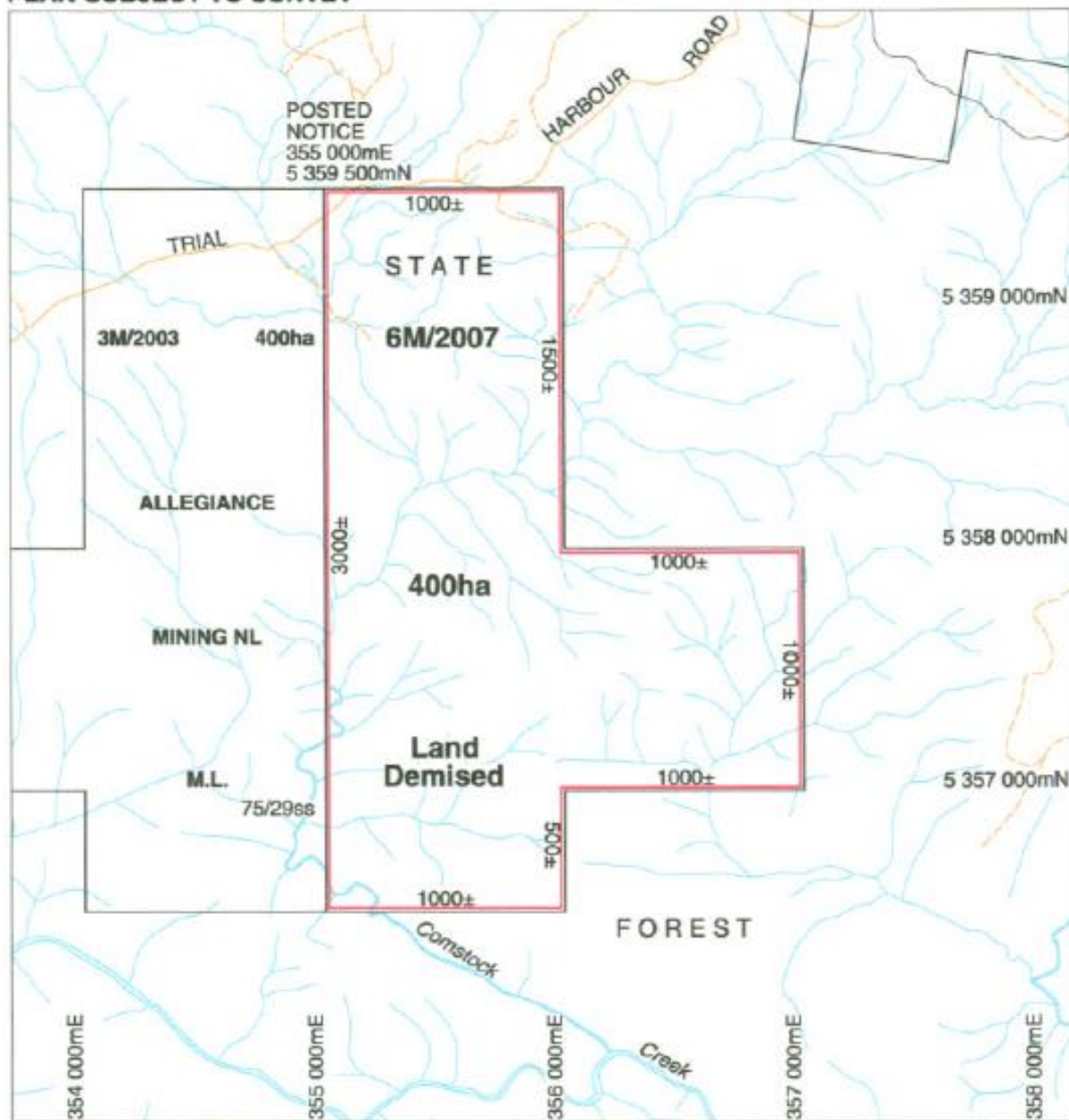


6M/2007

Department of Infrastructure, Energy and Resources
MINERAL RESOURCES TASMANIA - DATA MANAGEMENT BRANCH



PLAN-SUBJECT TO SURVEY

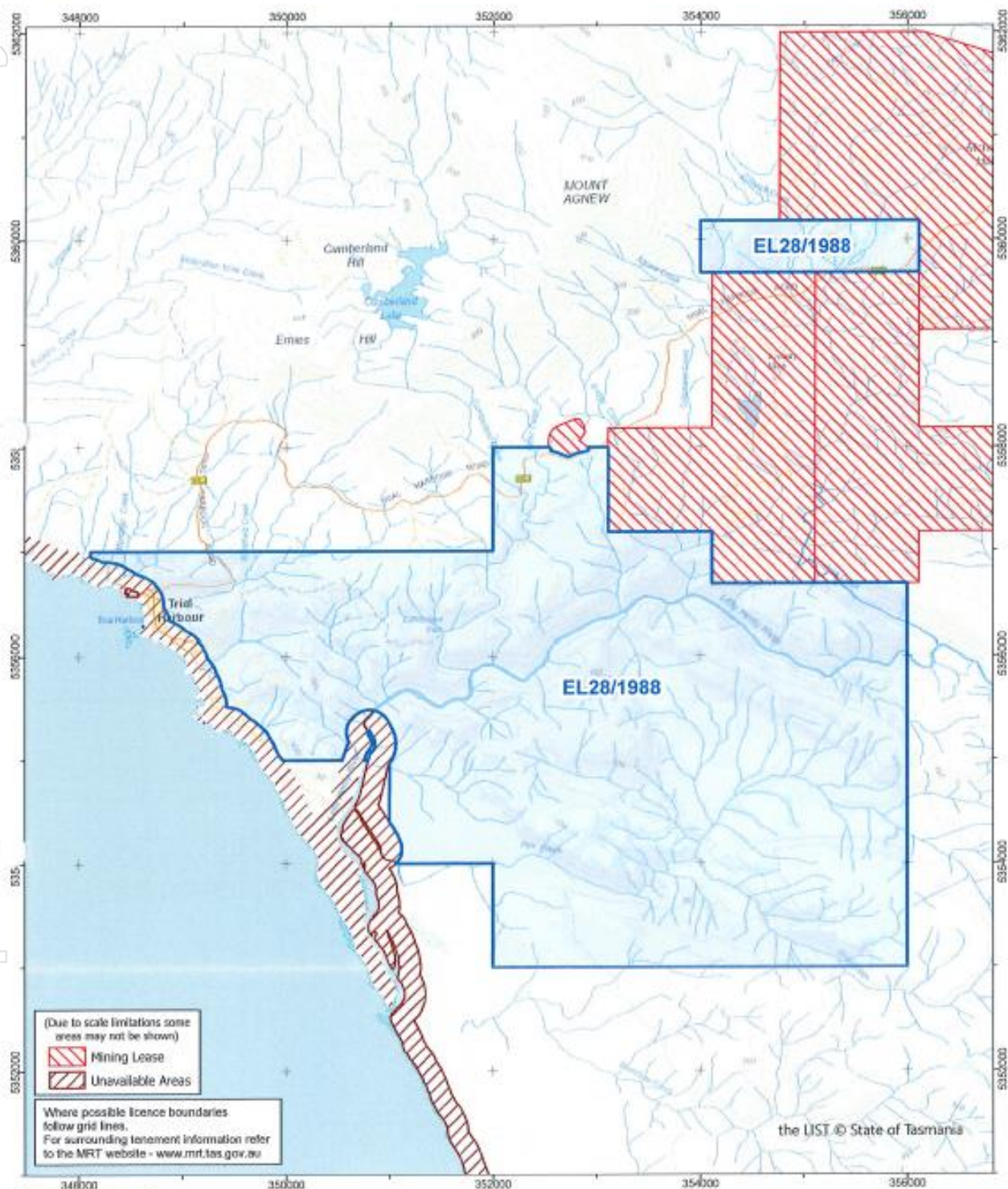


Coordinate Datum - AGD66 AMG Zone 55

LAND DISTRICT	MONTAGU	VICINITY				COMSTOCK CREEK (7km SW of Zeehan)					
MUNICIPALITY	WEST COAST	MAP		ZEEHAN 1N (1:15840)							
APPLICATION NO.		6M/2007		AREA		400ha	SCALE	1:25000			
APPLICANT		ALLEGIANCE MINING NL									
DRAWN		D. Shearer		EXAMINED		Artallich		Date	22/11/07	VOL.	FOLIO
APPROVED		Anthony Brown A/		DIRECTOR OF MINES				Date	22/11/07	79	17

EL28/1988

Department of State Growth
MINERAL RESOURCES TASMANIA



EL28/1988 25km²
Vicinity of Mt Zeehan

0 1 2 3 4 km

1:50,000

Coordinate Datum - GDA94 MGA Zone 55

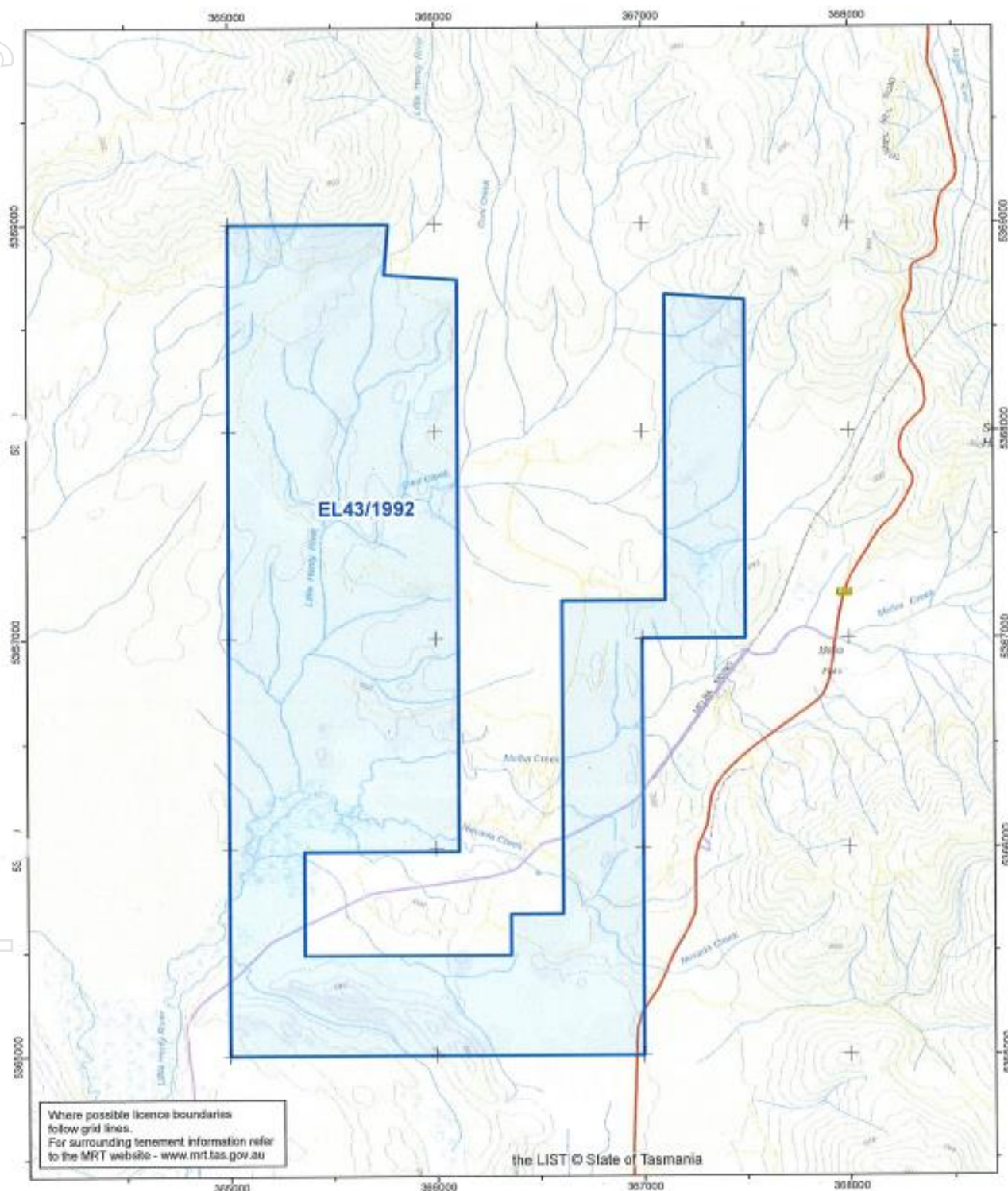
the LIST © State of Tasmania



Base Image by TASMAR
(www.tasmap.tas.gov.au)
© State of Tasmania

EL43/1992

Department of State Growth
MINERAL RESOURCES TASMANIA



EL43/1992 6km²
Vicinity of Melba Flats

0 1 2 KM

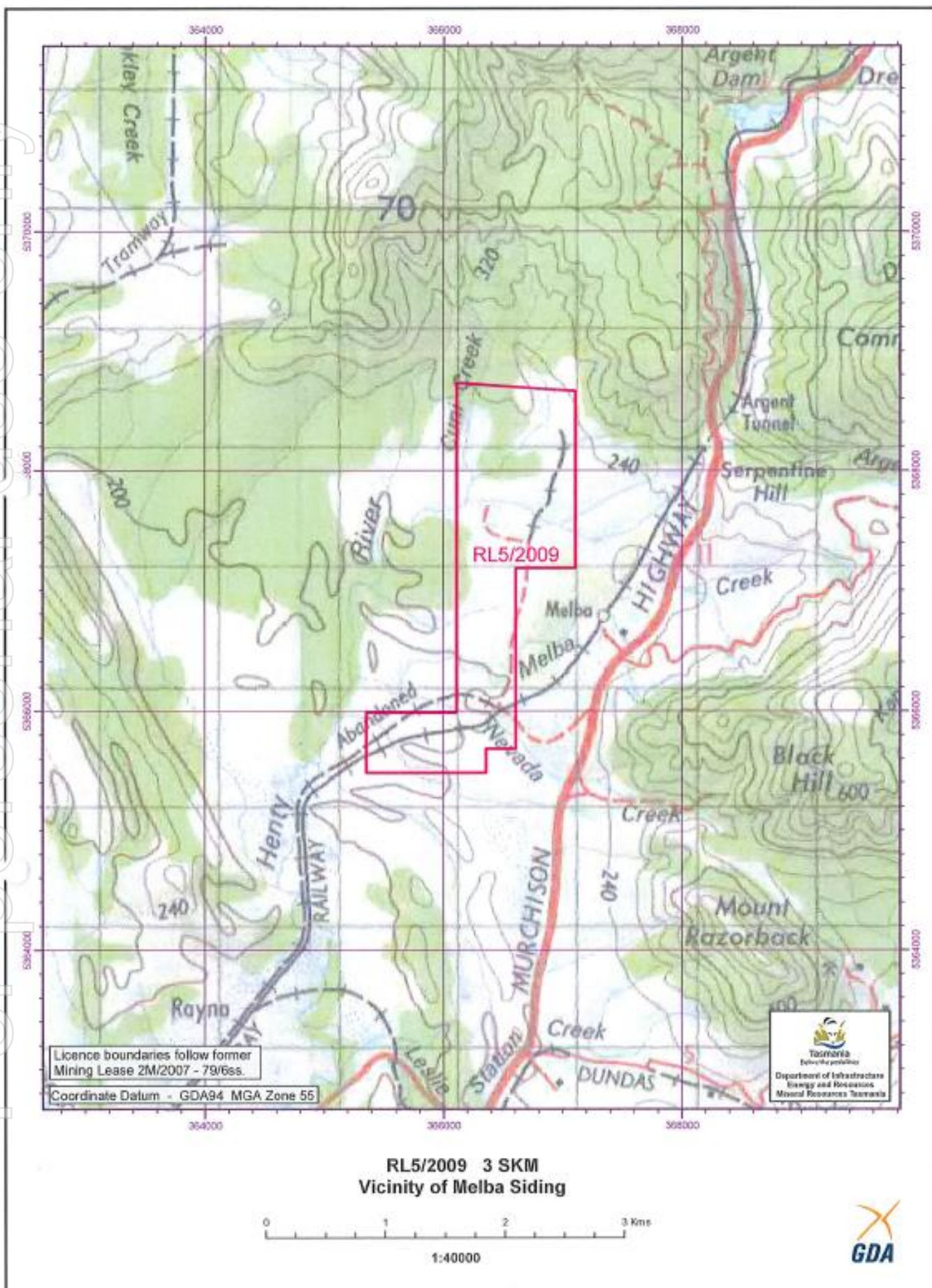
1:25,000

Coordinate Datum - GDA94 MGA Zone 55



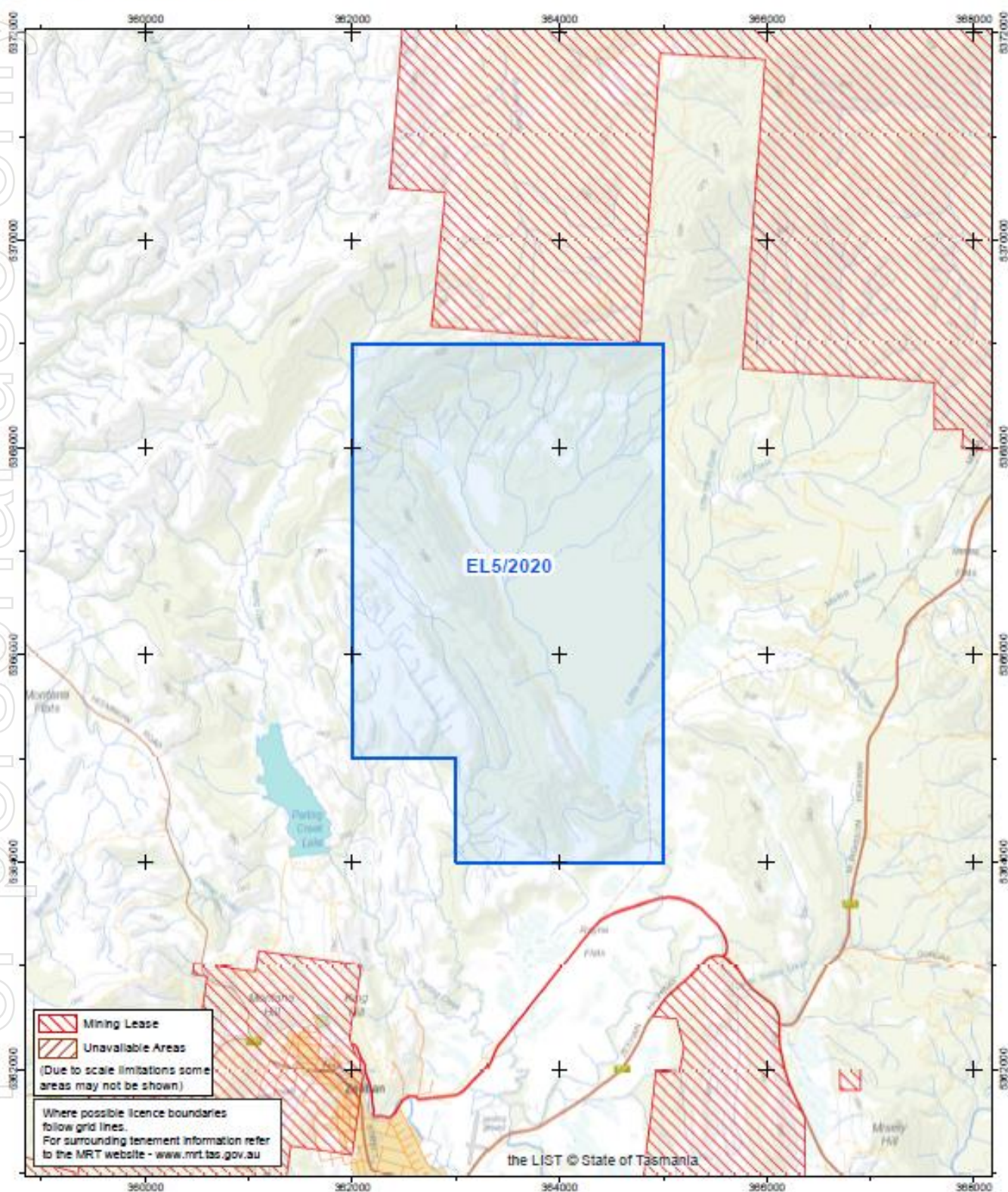
Base image by TASMAP
(www.tasmap.tas.gov.au)
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Department of State Growth

MINERAL RESOURCES TASMANIA



EL5/2020 14km²
Vicinity of Little Henty River
(5km N of Zeehan)

0 1 2 3 4 km

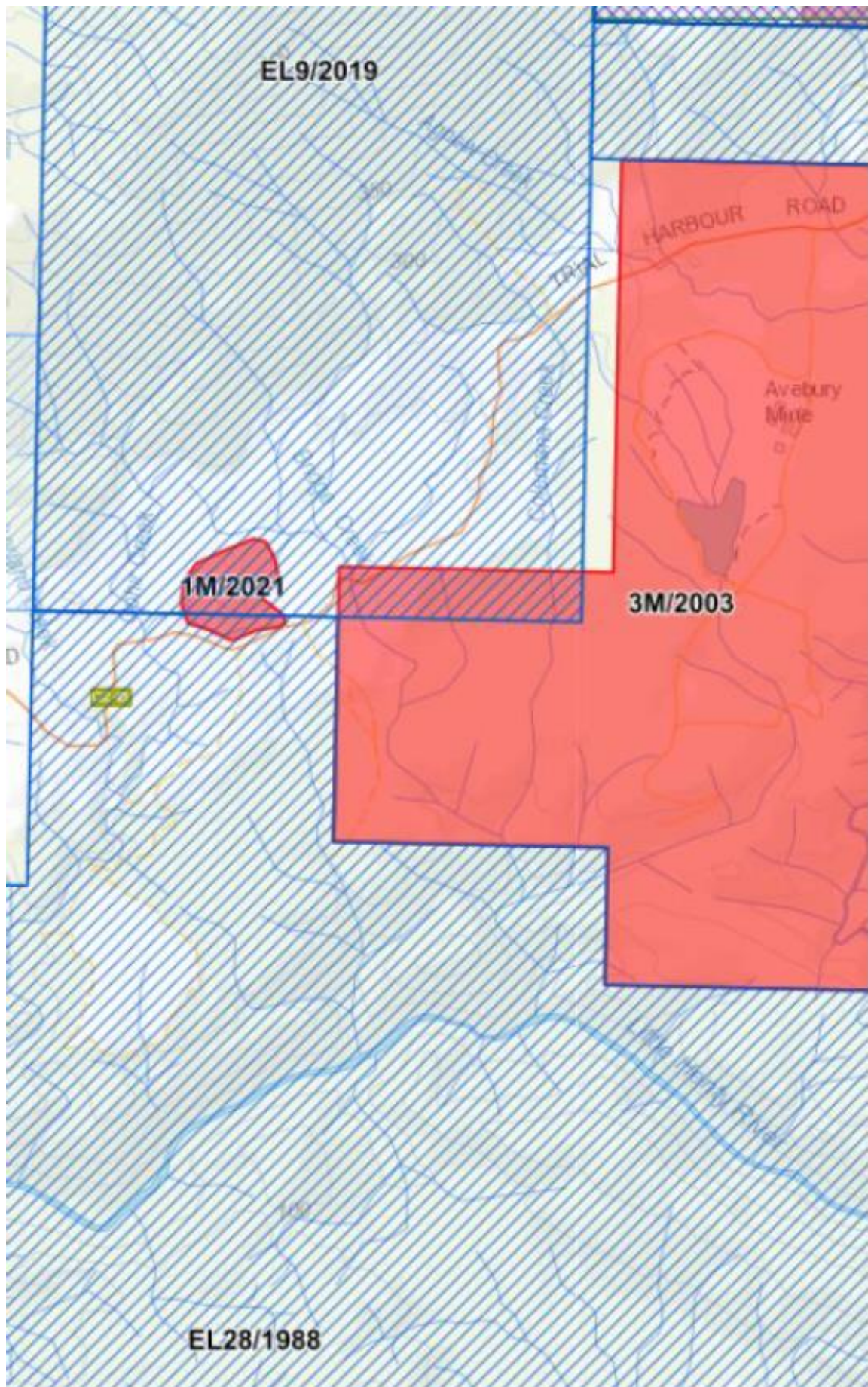
1:50,000

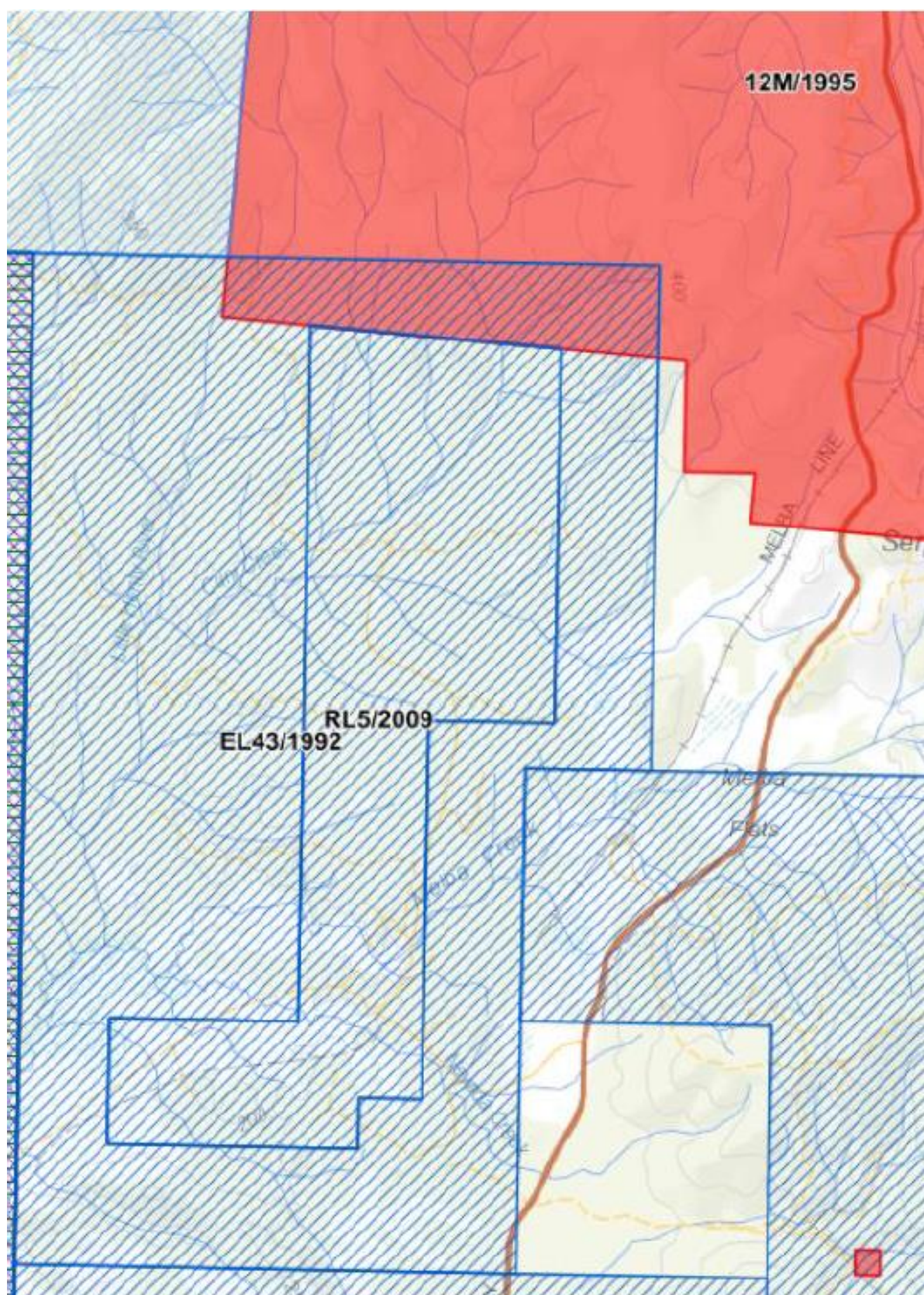
Coordinate Datum - GDA04 MGA Zone 55



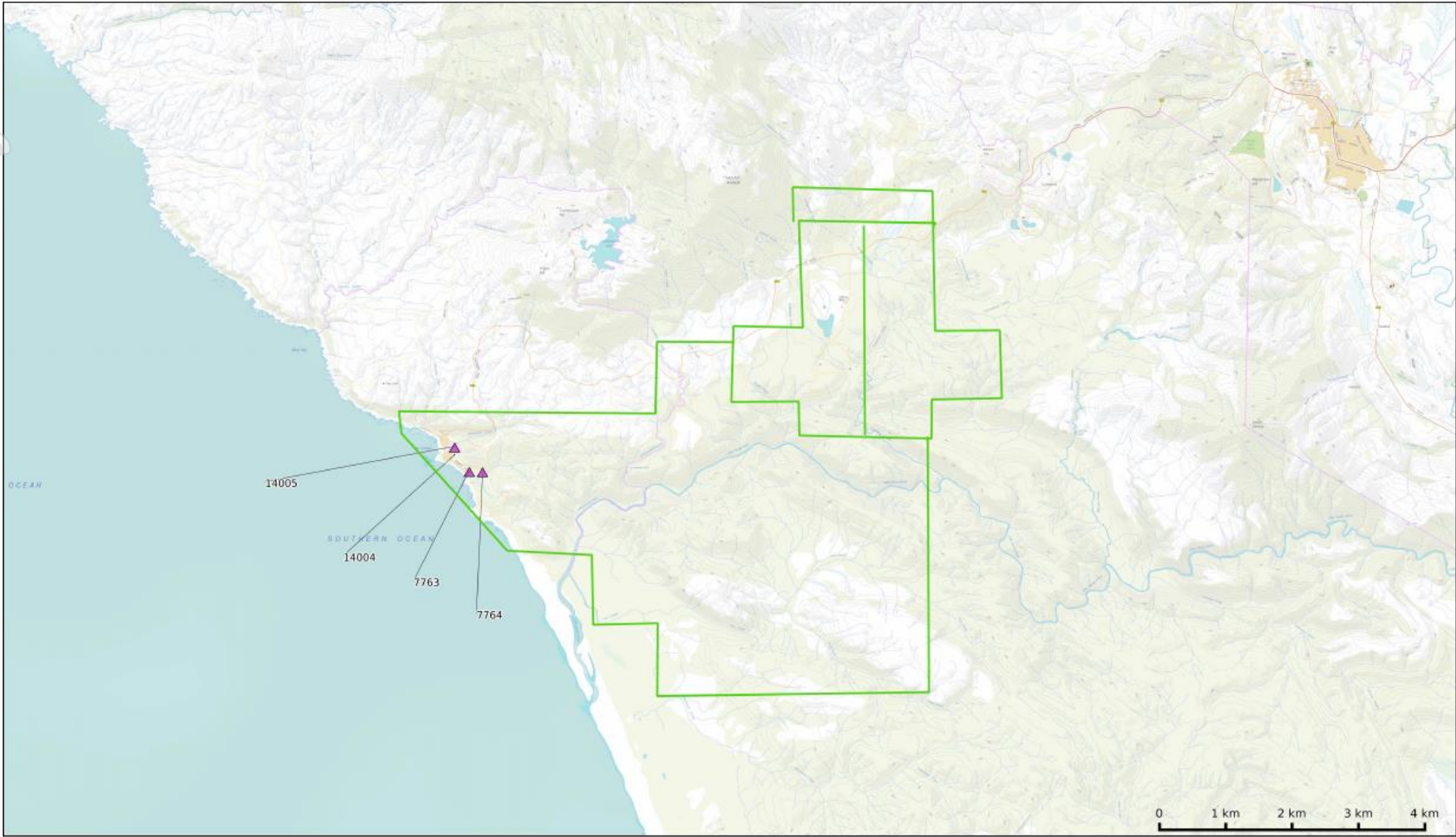
Base Image by TASMAP
www.tasmap.tas.gov.au
 © State of Tasmania





ANNEXURE B – OVERLAPPING TENEMENTS

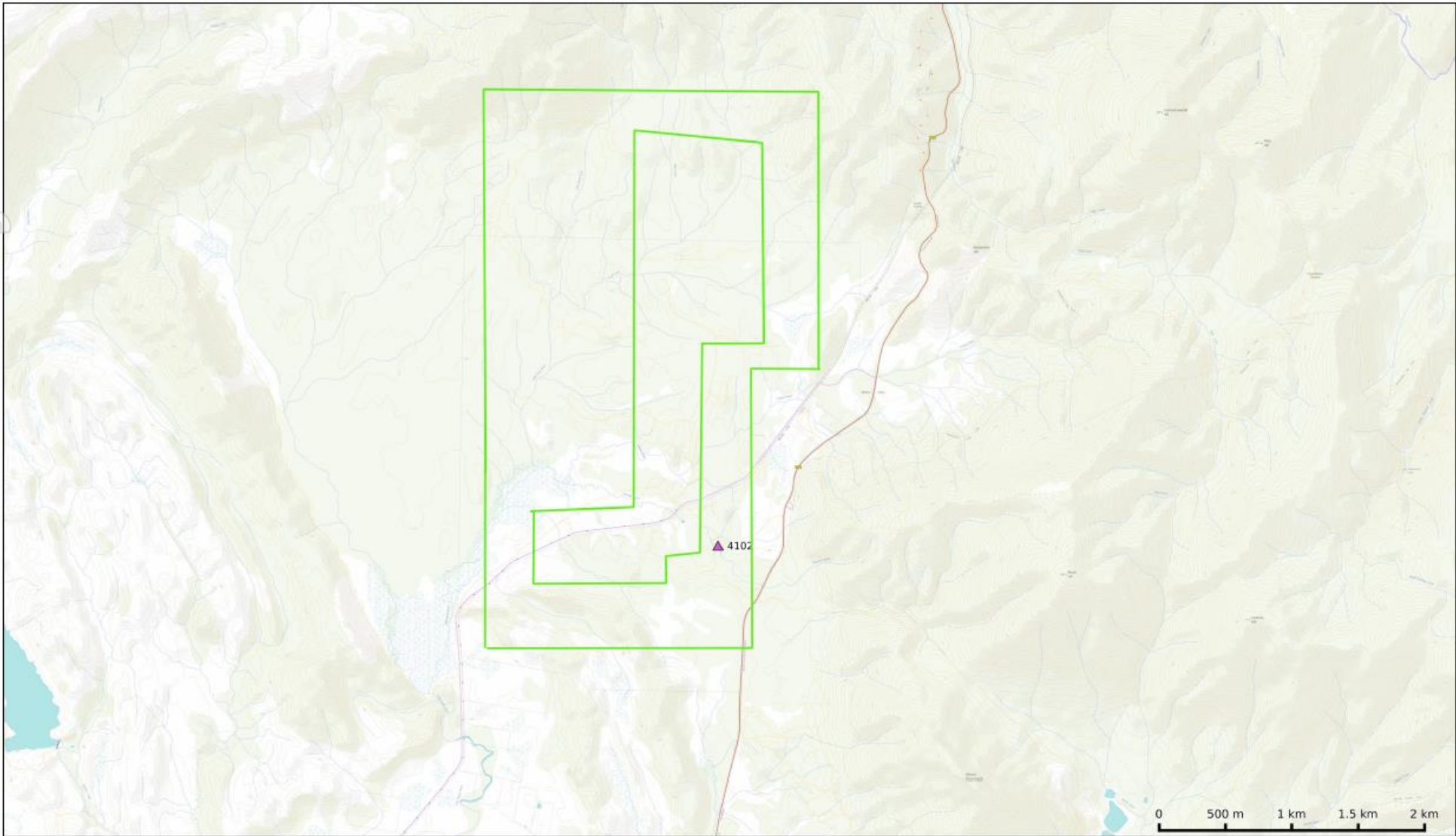




ANNEXURE C – ABORIGINAL HERITAGE TASMANIA MAPS



<p>Aboriginal Heritage Tasmania Natural and Cultural Heritage Division Department of Primary Industries, Parks, Water and Environment Level 3, 55 Liverpool Street, Hobart GPO Box 44, Hobart, TAS, 7001</p> <p>P: 03 6166 3532 E: aboriginal@heritage.tas.gov.au</p> <p>www.aboriginalheritage.tas.gov.au www.dpipwe.tas.gov.au</p> 	<p>Legend:</p> <ul style="list-style-type: none"> AH Item AH Instrument	 <p>N GDA94 - Zone 55 1:55K</p>	<p>3M/2003 - 6M/2007 - EL28/1988</p> <p>Due Dilligence Search</p> <p>Groom Kennedy lawyers Created on 17/03/2022 Created by Emily Smith</p> <p><small>This map is intended for use by the nominated recipient, for research purposes only. The map cannot be used for any other purposes without written permission from AHT. Information about Aboriginal heritage sites and instruments issued by AHT is confidential and is not for public dissemination.</small></p>
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Aboriginal Heritage Tasmania
Natural and Cultural Heritage Division
Department of Primary Industries, Parks, Water and Environment
Level 8, 55 Liverpool Street, Hobart
GPO Box 44, Hobart, TAS, 7001

p: 03 6165 3151
e: aboriginal@heritage.tas.gov.au

www.aboriginalheritage.tas.gov.au
www.dpipwe.tas.gov.au



Legend:

- AH Item
- AH Instrument



EL43/1992 - RI5/2009
Due Dilligence Search

Groom Kennedy Lawyers
Created on 17/03/2022
Created by Emily Smith

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The Board of Directors
Mallee Resources Limited
G, 9 Havelock Street
West Perth WA 6005

1 August 2022

**Grant Thornton Corporate
Finance Pty Ltd**
Level 43 Central Park
152-158 St Georges Terrace
Perth WA 6000

PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000

Dear Directors,

MALLEE RESOURCES LIMITED – INDEPENDENT LIMITED ASSURANCE REPORT AND FINANCIAL SERVICES GUIDE

Introduction

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") has been engaged by Mallee Resources Limited ("Mallee", or the "Company") to prepare this report for inclusion in the prospectus to be issued by the Company on or about 1 August 2022 (the "Prospectus") in respect of the public offering of fully paid ordinary shares in the Company ("the Public Offer") and re-admission to the Australian Securities Exchange ("ASX"). Grant Thornton Corporate Finance holds an Australian Financial Services Licence (AFS Licence Number 247140). This report is both an Independent Limited Assurance Report, the scope of which is set out below, and a Financial Services Guide, as attached at **Appendix A**.

Expressions defined in the Prospectus have the same meaning in this report, unless otherwise specified.

ABN-59 003 265 987 ACN-003 265 987 AFSL-247140

Grant Thornton Corporate Finance Pty Ltd ABN 59 003 265 987 ACN 003 265 987 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127556 389 Holder of Australian Financial Services Licence No. 247140 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of Australian Financial Services Licensees).

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Scope of this Report

Grant Thornton Corporate Finance Pty Ltd has been engaged by the Directors to perform an Independent Limited Assurance Report in relation to the following statutory historical and pro forma historical financial information of Mallee included at Section 6 of the Prospectus.

Statutory Historical Financial Information

- Audited statutory historical statement of profit and loss and other comprehensive income for the years ended 30 June 2020 and 30 June 2021 ("FY20" and "FY21") and the reviewed historical statement of profit and loss and other comprehensive income for the six months ended 31 December 2021 ("H1FY22") (Historical Statement of Profit or Loss and Other Comprehensive Income included at Section 6.3);
- Audited statutory historical statements of cash flows for FY20, FY21 and reviewed historical statements of cash flows for H1FY22 (Historical Statement of Cash Flows included at Section 6.4); and
- Reviewed historical statements of financial position as at 31 December 2021 (Historical Statement of Financial Position included at Section 6.5).

(together, the "Statutory Historical Financial Information")

Pro Forma Historical Financial Information

- The pro forma historical statement of financial position of the Company as at 31 December 2021 which assumes completion of the transactions outlined in Section 6.5 of the Prospectus as though they had occurred at that date "the "Pro Forma Historical Financial Information").

The Pro Forma Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to the general purpose financial reports prepared in accordance with the Corporations Act 2001.

As described in Section 6.2 of the Prospectus, the stated basis of preparation is the recognition and measurement principles contained in the Australian Accounting Standards and the Company's adopted accounting policies.

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information after adjusting for the effects of the pro forma adjustments described in Section 6.5 of the Prospectus ("the Pro Forma Adjustments"). The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Pro Forma Adjustments as if those events or transactions had occurred as at the date of the Statutory Historical Financial Information and does not represent the Company's actual or prospective financial position.

Prospective investors should be aware of the material risks and uncertainties relating to an investment in the Company, which are detailed at Section 7 of the Prospectus, and the inherent uncertainty relating to the prospective financial information.

Directors' Responsibility

The Directors of the Company are responsible for:

- The preparation and presentation of Statutory Historical Financial Information;
- The preparation and presentation of Pro Forma Historical Financial Information, including the selection and determination of the pro forma adjustments included in the Pro Forma Historical Financial Information; and
- The information contained within the Prospectus.

This responsibility also includes compliance with applicable laws and regulations and for such internal controls as the Directors determine necessary to enable the preparation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3420: *"Assurance Engagements to Report on the Compilation of Pro Forma Historical Pro Forma Financial Information"* and ASAE 3450: *"Assurance Engagements involving Corporate Fundraisings and/ or Prospective Historical Pro Forma Financial Information"*.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards, and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit reports used as a source of the financial information.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

- consideration of work papers, accounting records and other documents;
- consideration of the appropriateness of the pro forma adjustments described in Section 6.6;
- enquiry of Directors and management in relation to the Statutory Historical Financial Information and the Pro Forma Historical Financial Information;
- analytical procedures applied to the Statutory Historical Financial Information and the Pro Forma Historical Financial Information;
- a review of the work papers, accounting records and other documents of the Company and its auditors; and
- a review of the consistency of the application of the stated basis of preparation and adopted accounting policies as described in the Prospectus used in the preparation of the Statutory Historical Financial Information and the Pro Forma Historical Financial Information; and
- Enquiry of the Directors, management and others in relation to the Statutory Historical Financial Information and the Pro Forma Historical Financial Information.

Our limited assurance engagement has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdiction outside of Australia and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

We have assumed and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Conclusion

Statutory Historical Financial Information and Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention which causes us to believe that the Statutory Historical Financial Information and Pro Forma Historical Financial Information is not presented fairly, in all material respects, in accordance with the stated basis of preparation and the pro forma adjustments as described in Sections 6.2 and 6.6 of the Prospectus.

Financial Information of Allegiance Mining Pty Ltd

On 26 November 2021, Hartree appointed the Receivers to Allegiance Mining Pty Ltd ("Allegiance"). Subsequently, on 30 November 2021, the directors of Allegiance appointed the Administrators. Following appointment of the Receivers, the powers of Allegiance's officers was suspended, and the Receivers assumed control of Allegiance's business, property and affairs.

The Company acquired Allegiance, pursuant to a deed of company arrangement ("DOCA").

The Receivers and Administrators have attempted to obtain financial records of Allegiance from the former directors and advisors to Allegiance. No reliable financial information has been provided in respect of Allegiance.

As a result of the above, the Company's auditors have not been able to prepare audited historical financial information in respect of Allegiance for inclusion in this Prospectus. Consequently, this Prospectus does not include historical financial information for Allegiance.

In order to prepare the pro-forma balance sheet of the Company following completion by the Company of its acquisition of Allegiance, the Company has disclosed:

- a) the fair value of the assets of Allegiance based on independent valuations undertaken in connection with the acquisition; and
- b) the liabilities assumed and carried forward following effectuation of the DOCA;

Under the Corporations Act, a deed of company arrangement binds all creditors (other than a secured creditor, unless the secured creditor votes in favour of the deed) of the company to which it relates in respect of claims arising on or before the day on which the administration began. The effect of a deed of company arrangement is that the company the subject of it is released from debts in so far as the deed provides for the release and the creditor concerned is bound by the deed.

Under the DOCA, all creditors of Allegiance (including Hartree as the sole secured creditor) were bound by the DOCA and their debts were released on and from effectuation of the DOCA.

Grant Thornton Corporate Finance Pty Ltd considers that the disclosure set out in this Prospectus with respect to the financial information of Allegiance and the impact of the Acquisition on the Company's balance sheet is reasonable and provides investors with as much information as can be reasonable expected to be included in the circumstances.

Restriction on Use

Without modifying our conclusion, we draw attention to Section 6.1 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, this Independent Limited Assurance Report may not be suitable for use for another purpose.

Consent

Grant Thornton Corporate Finance has consented to the inclusion of this Investigating Accountant Report in the Prospectus in the form and context in which it is included.

Liability

The liability of Grant Thornton Corporate Finance is limited to the inclusion of this report in the Prospectus. Grant Thornton Corporate Finance makes no representation regarding, and has no liability, for any other statements or other material in, or omissions from the Prospectus.

Independence or Disclosure of Interest

Grant Thornton Corporate Finance does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Grant Thornton Corporate Finance will receive a professional fee for the preparation of this Independent Limited Assurance Report.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD



Mitesh Ramji

Partner and Authorised Representative

1 August 2022



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Appendix A (Financial Services Guide)

This Financial Services Guide is dated 1 August 2022.

Grant Thornton Corporate Finance Pty Ltd

Level 43 Central Park
152-158 St Georges Terrace
Perth WA 6000

PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000

1 About us

Grant Thornton Corporate Finance Pty Ltd (ABN 59 003 265 987 and Australian Financial Services Licence no 247140) ("Grant Thornton Corporate Finance") has been engaged by Mallee Resources Limited ("Mallee" or the "Company") to provide general financial product advice in the form of an Independent Limited Assurance Report (the "Report") in relation to the public offering of fully paid ordinary shares in the Company (the "Public Offer") and re-admission to the Australian Securities Exchange. This report is included in the prospectus dated on 1 August 2022 (the "Prospectus"). You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2 This Financial Services Guide

This Financial Services Guide (FSG) is designed to assist retail clients in their use of any general financial product advice contained in the report. This FSG contains information about Grant Thornton Corporate Finance generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the report, and how complaints against us will be dealt with.

3 Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities and superannuation products and deal in a financial product by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of securities and superannuation products.

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4 General financial product advice

The report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

5 Fees, commissions and other benefits we may receive

Grant Thornton Corporate Finance charges fees to produce reports, including the report. These fees are negotiated and agreed with the entity which engages Grant Thornton Corporate Finance to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this report, Grant Thornton Corporate Finance will receive from the Company a fee of \$40,000 which is based on commercial rates plus reimbursement of out-of-pocket expenses.

Partners, Directors, employees or associates of Grant Thornton Corporate Finance, or its related bodies corporate, may receive dividends, salary or wages from Grant Thornton Australia Ltd. None of those persons or entities receive non-monetary benefits in respect of, or that is attributable to, the provision of the services described in this FSG.

6 Referrals

Grant Thornton Corporate Finance - including its Partners, Directors, employees, associates and related bodies corporate - does not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licenced to provide.

7 Associations with issuers of financial products

Grant Thornton Corporate Finance and its Partners, Directors, employees or associates and related bodies corporate may from time to time have associations or relationships with the issuers of financial products. For example, Grant Thornton Australia Ltd may be the auditor of, or provide financial services to the issuer of a financial product and Grant Thornton Corporate Finance may provide financial services to the issuer of a financial product in the ordinary course of its business.

In the context of the report, Grant Thornton Corporate Finance considers that there are no such associations or relationships which influence in any way the services described in this FSG.

8 Independence

Grant Thornton Corporate Finance is required to be independent of the Company in order to provide this report. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.



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"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Mallee Resources Limited (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Public Offer."

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Public Offer, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Public Offer.

Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

9 Complaints

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Complaints Authority (AFCA) (membership no. 11800). All complaints must be in writing and addressed to the Head of Corporate Finance at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to AFCA who can be contacted at:

Australian Financial Complaints Authority

GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 367 287
Email: info@afca.org.au

Grant Thornton Corporate Finance is only responsible for the report and FSG. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

10 Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

11 Contact Details

Grant Thornton Corporate Finance can be contacted by sending a letter to the following address:

Head of Corporate Finance

Grant Thornton Corporate Finance Pty Ltd
Level 17, 383 Kent Street
Sydney, NSW, 2000