

## ASX ANNOUNCEMENT

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24 November 2017

### **A.C.N 009 161 522 LIMITED (Formerly Subzero Group Limited) TO ACQUIRE 100% INTEREST IN TETHYAN COPPER GOLD PORTFOLIO LOCATED IN SERBIA**

#### **HIGHLIGHTS**

- A.C.N 009 161 522 Limited (Formerly Subzero Group Limited) (ASX:SZG) (the 'Company') has signed a conditional binding agreement to acquire 100% of Timok Resources Pty Ltd which will give the Company two option deeds to acquire 100% of both Skarnore Resources and Kingstown Resources.
- First mover advantage to large scale copper and associated intrusive-related precious and polymetallic mineralisation in the prolific West Tethyan Metallogenic Belt in Eastern Europe.
- Portfolio comprises multiple projects at various exploration stages providing both early and advanced exploration opportunities in the current pipeline within Serbia.
- Proven management team with experienced operational, legal and technical skills in Serbia and internationally.
- The Company anticipates to relist on the ASX as Raiden Resources Limited in early 2018 subject to completion of the transaction and re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

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#### **SUMMARY**

A.C.N 009 161 522 Limited (Formerly Subzero Group Limited) (ASX:SZG) (the 'Company') (to be renamed Raiden Resources Limited) is pleased to announce that it has entered into a conditional binding agreement to acquire 100% of Timok Resources Pty Ltd ('Timok') (the 'Transaction').

Timok has entered into two option deeds to acquire 100% of two Serbian entities, Skarnore Resources d.o.o ('Skarnore') and Kingstown Resources d.o.o ('Kingstown'). Timok is a holding company incorporated in Western Australia.

The Transaction will transform the Company into a new ASX listed base and precious metal exploration company with a significant portfolio offering an outstanding opportunity for a Tier 1 discovery. The ASX retains a very limited number of quality pure play base metal explorers.

The Company will now work with Timok to secure the relevant approvals (including shareholder and ASX approvals) and to issue a prospectus to undertake a capital raising as conditions precedent to the Transaction. The Company expects, subject to relevant approvals and completion of the Transaction, to emerge from suspension and relist on the Australian Securities Exchange in early 2018.

#### **Important note**

The Company notes that:

- the Transaction requires shareholder approval under the ASX Listing Rules and therefore may not proceed if the necessary approvals are not forthcoming;
- the Company will be required to re-comply with ASX's requirements for admission and quotation in accordance with Chapters 1 and 2 of the ASX Listing Rules and therefore the Transaction may not proceed if those requirements are not met;
- ASX has an absolute discretion in not deciding whether or not to re-admit the Company to the Official List and to quote the Company's securities and therefore the Transaction may not proceed if ASX exercises that discretion; and
- investors should take account of these uncertainties in deciding whether or not to buy or sell the Company's securities;

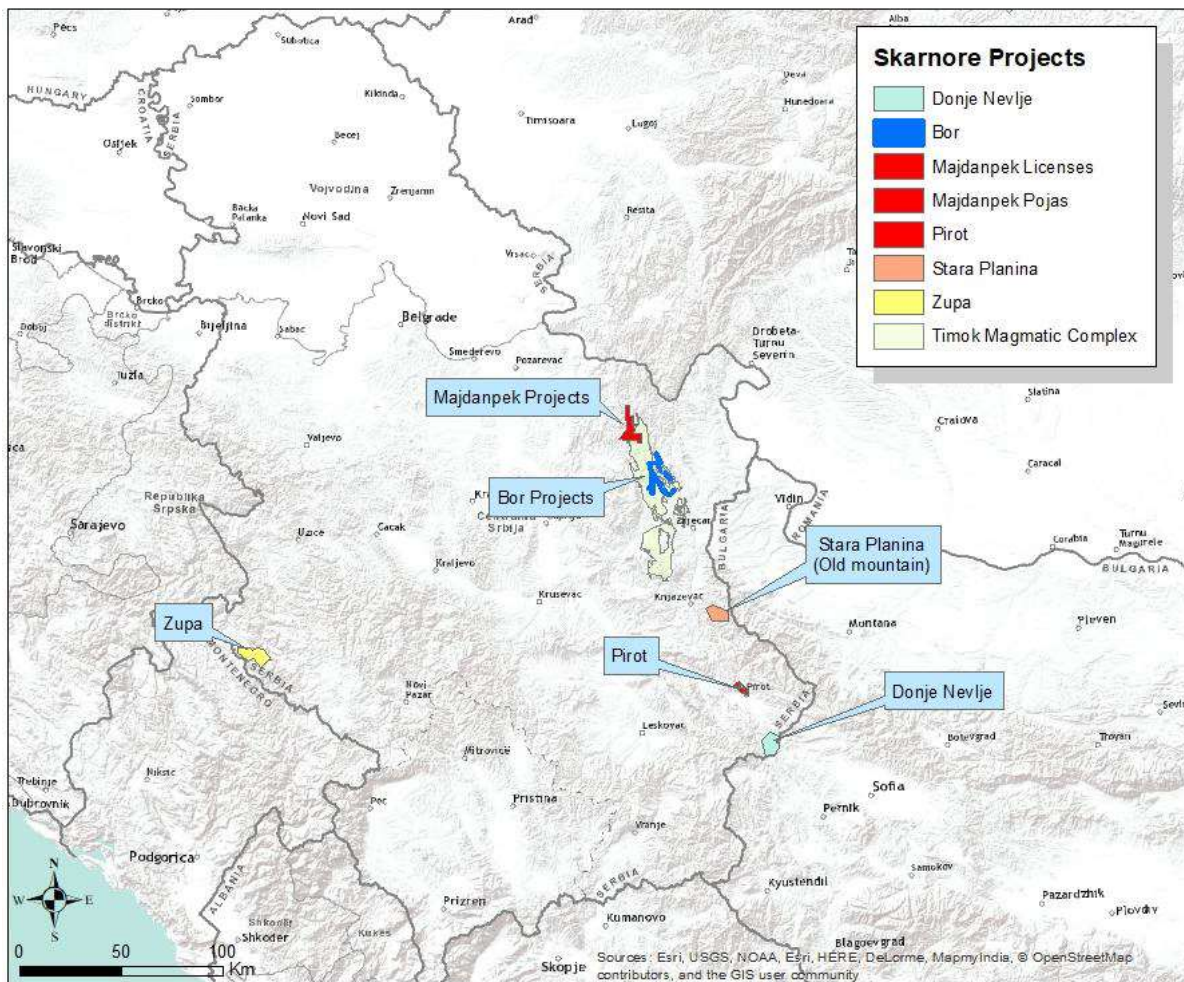


Figure 1. Serbian Project Location Map

**Donje Nevlje Project (100% Skarnore)**

The Donje Nevlje Licence covers an area of approximately 74 km<sup>2</sup> and is located about 125 km southeast of the productive Timok Magmatic Complex, which is host to the Bor and Majdanpek copper and gold mines. The mines at Bor have been producing gold and copper for over 100 years.

The project forms part of the regional Banat – Timok – Srednogorie zone of Cretaceous calc-alkaline volcanics associated with a distinctive arc extending from southern Romania, through eastern Serbia and extending into central Bulgaria

Geological mapping and exploration in the 1960’s confirmed the compatibility of the stratigraphy and lithologies, primarily andesite volcanics and pyroclastics of Upper Cretaceous age, with those of the Timok Magmatic Complex. Three phases of volcanism have been recognised within the region giving rise to lithologies that include andesitic flows and pyroclastics with younger Cretaceous sandstones, marlstones, and tuffs.

Mineralisation at the Donje Nevlje Licence includes disseminated copper mineralisation and hydrothermal rock alteration that are interpreted to be related to a porphyry copper system. Pyrite, chalcopyrite, magnetite and sphalerite are the main ore minerals, and a skarn assemblage of garnet, vesuvianite, epidote and chlorite has also been identified within and close to the intrusive complex. This project represents a substantially sized target with evidence of copper mineralisation, which has not seen a systematic evaluation by high-resolution geophysics and systematic drill testing. Skarnore plans to follow up with target definition programs and drill testing.

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### **Stara Planina (Joint Venture - Skarnore)**

Skarnore has an interest in the Stara Planina Licence under an earn-in and joint venture agreement with the registered holder of the Stara Planina Licence, Geo Consulting Studio doo ('GeoConsulting Joint Venture Agreement'). Under the GeoConsulting Joint Venture Agreement Skarnore has a right to earn in up to a 90% interest, and an option to acquire a 100% interest, in an incorporated joint venture to be set up in respect of the Stara Planina Licence.

The Stara Planina Licence (approximately 63 km<sup>2</sup>), covers an inlier of Palaeozoic gabbros intruded by Permo-Carboniferous granodiorite. The Licence contains known vein-type bismuth-copper-gold-antimony mineralisation in the Gradiste area and at the Aljin Do mine, which was abandoned after the World War II. Subsequently former-Yugoslav state agencies undertook limited exploration. Rio Sava (Rio Tinto subsidiary in Serbia) investigated the area in 2003, followed by Reservoir Capital.

The geology is comparable to that at Deli Jovan, a past producing gold mine in eastern Serbia, and the Ogosta gold deposit in Bulgaria. The exploration target is a high-grade, intrusion-related gold-copper deposit, possibly associated with a deeper copper porphyry targets. In addition, the potential for additional high-grade gold-bearing epithermal vein mineralisation is significant.

The geology of the Stara Planina Licence area consists of an early Paleozoic gabbro that is intruded by Permo-Carboniferous granodiorite with associated quartz veining. The gabbro borders to the NE, at a major NNW-SSE trending fault, with basement gneiss, greenschist and marble. Throughout the Licence area mineralisation is controlled by the NW-SE trending penetrative structures, and is invariably associated with ductile deformation of the gabbros.

In the Gradiste area, the Stara Planina Licence contains several occurrences of gold-bearing quartz-carbonate vein mineralisation associated with chlorite-epidote-carbonate alteration of the gabbros. Some of these were investigated previously by underground exploration adits. In the Aldinac area there are several mapped occurrences of copper, gold, tungsten and uranium mineralisation associated with quartz veining and quartz-sericite-pyrite alteration of granodiorite.

Previous modern explorers (Rio Tinto and Reservoir Capital), have defined two target zones which will be the focus of Skarnore's immediate exploration efforts. The anomalies are characterised by large (+3km strike) and coherent, copper soil anomalies.

Skarnore recently completed a preliminary induced polarisation (IP) program over the two geochemical anomalies. The results of the IP program are encouraging and indicate the presence of disseminated and possibly massive sulphides, extending over a significant area and underlying the surficial geochemical and alteration trends. Skarnore intends to complete additional geophysical mapping and geochemical work prior to testing targets with drilling.

### **Pirot Project (under application by Skarnore)**

The Pirot project (approximately 21 km<sup>2</sup>) is located in South Eastern Serbia, approximately 20km from the northern periphery of the Donje Nevlje project. Skarnore is in the process of executing the application requirements for the Pirot Licence under a 90 day exclusivity period, granted by the Serbian Ministry of Mining and Energy.

A 1960's, State sponsored aeromagnetic survey defined the area as anomalous. Follow up mapping by state agencies, concluded that the volcano-sedimentary sequence, which are present within the permit are of the same age and within a similar setting as the lithology within the Timok Magmatic Complex, which hosts a number of Tier one porphyry deposits.

Regional geochemical sampling conducted by Yugoslav state agencies defined a number of anomalies, one of which is associated with granodiorite intrusion, located on the southern segment of the permit. On the basis of this work, the State Geological Survey designated a 'porphyry target' within and on the contact of the granodiorite.

To date no drilling has been executed on the anomalies. Skarnore plans to follow up and advance the historical work with the objective of defining a drill target in the near future.

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### **Majdanpek Project (100% Kingstown)**

The Majdanpek project consists of 2 granted exploration licences, totalling approximately 79 km<sup>2</sup>. The project is located on the northern extremity of the Timok Magmatic Complex. The project is in a highly mineral endowed part of the complex, with a number of defined deposits including past and current producers located immediately adjacent to the Licences.

On the eastern boundary, the project neighbours the Majdanpek porphyry deposit. On the South-Eastern boundary, the project is approximately 500m from the high grade Coka Marin epithermal deposit (State company Mining Lease). On the south western boundary the project is adjacent to the Blagojev Kamen project, which hosts a number of past producing bonanza grade gold mines. On the northern boundary the project is adjacent to Dundee Precious Metals' Zagubica license, which hosts the Bigar Hill, Korkan, and Korkan East deposits. The same gold bearing structures and stratigraphy continue from these deposits into the western part of the Majdanpek permit, whilst the eastern and central portion the permit covers Timok belt volcanics and intrusives prospective for copper porphyry and associated copper-gold epithermal deposits.

Despite its strategic location and a number of copper anomalies defined by the State Survey within the Timok volcano-sedimentary sequence on the project, the project area remains only lightly explored with no previous concerted efforts to target blind copper porphyry or associated copper gold epithermal deposits.

Kingstown intends to focus its exploration program on 2 exploration prospects. Within the volcano-sedimentary Timok Magmatic Complex sequence. Kingstown will be targeting blind copper porphyry and copper-gold epithermal mineralisation, whilst on the South Western boundary the exploration will focus on the conglomerate sequences which host the Bigar Hill gold deposit, just to the south and the high grade vein deposits just adjacent to the north western boundary.

Due to its proximity to the operating Majdanpek mine and advanced Coka Marin and Bigar Hill deposits, the project is in a brown-fields setting, with potential synergies for smaller discoveries to be toll treated at nearby existing facilities.

### **Zupa Project (in process of transfer to Kingstown)**

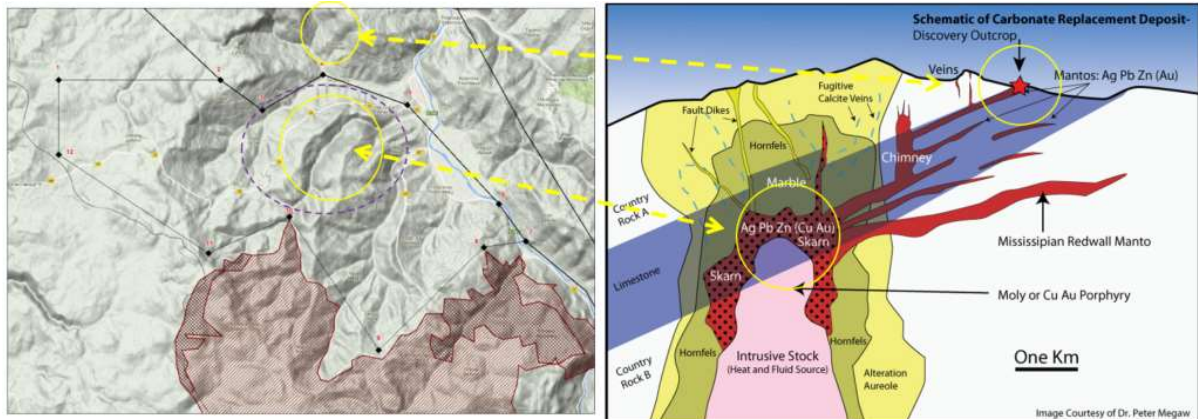
Balkan Mineral Corporation doo ("Balkan") is the holder of the Velika Zupa Licence. Balkan and Skarnore commenced the procedure for transferring the Velika Zupa Licence to Skarnore with the Serbian Ministry of Mining and Energy on 27 September 2017. As at the date of this Notice the Company is not aware of any reason why the transfer of the Velika Zupa Licence to Skarnore will not be completed.

Velika Zupa Licence, covering an area of approximately 85 km<sup>2</sup> is located in the south west part of Serbia and within the Dinaric Alp zone within the Western Tethyan belt. The permit is located adjacent to the Cadinje poly-metallic deposit and is currently in advanced stages of exploration by a local Serbian development company.

The licence has not seen previous systematic exploration work, but shows numerous occurrences of hydrothermal alteration and structural as well as geophysical indications of a buried intrusive. The area is targeted for polymetallic skarn and manto-type replacement deposits associated with a blind intrusion. An example schematic of a skarn style deposit is shown in Figure 3.

Kingstown intends to embark on a program of mapping, geochemistry and possibly geophysics to define targets for drill testing.

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**Figure 2 & 3:** Zupa Area Map & Example schematic skarn style deposit.

### **Bor Project (partially granted to Kingstown and partially under application by Kingstown)**

The Bor project consists of 1 granted exploration licence (approximately 6 km<sup>2</sup>) and 3 separate exploration licence applications (approximately 32 km<sup>2</sup>). The Ministry is currently in a litigation process with a third party in respect of a portion of the one of the licence applications covering 3.28 km<sup>2</sup>. This portion of the licence application cannot be granted to Kingstown unless and until this litigation is resolved in favour of the Ministry.

The Bor project is located in the Timok Magmatic Complex, a world class mineral district which hosts the tier one Bor and Majdanpek deposits. These 2 mines, which are currently in operation, also account for the majority of Serbian Copper and Gold production over the last 100 years.

Kingstown's Bor project covers the areas which are adjacent to the Serbian state mining company's Bor complex. Much of the area covered by the Bor project has not had any significant modern exploration conducted over it to date.

### **Key dependencies and risks**

The key dependencies and risks to the Company of the business and assets of Timok (and accordingly, the Company) post Transaction include the following:

- risk associated with the Company's future capital requirements given that it has no operating revenue and is unlikely to generate any operating revenue unless and until the projects are successfully developed and production commences;
- operational risks associated with the Company's planned drilling and exploration programs;
- risks associated with government regulation and political risk in the mining industry;
- risks associated with the uncertainty of exploration success;
- risks associated with security of mining tenure, access to and grant of mining tenure;
- risks associated with the Company's joint venture agreement affecting the Stara Planina project; and
- risks associated with environmental laws and regulations affecting the Company's projects.

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### **TRANSACTION DETAILS**

On 24 November 2017, the Company signed a conditional binding agreement with Timok to acquire 100% of the issued share capital of Timok Resources Ltd ('Acquisition Agreement').

### **Conditions Precedent**

The Acquisition Agreement is subject to conditions precedent including (but not limited to):

- The Company completing legal and technical due diligence, to its sole satisfaction, on Timok's business and operations;
- the Company obtaining all necessary shareholder approvals required by the Corporations Act and the ASX Listing Rules in relation to the Transaction including approval for (among other things):
  - the issue of consideration securities under the Acquisition Agreement (described below);
  - the issue of securities pursuant to the capital raisings (described below);
  - the purposes of re-compliance with Chapters 1 and 2 of the ASX Listing Rules;
  - the election of Mr Dusko Ljubojevic and Mr Martin Pawlitschek as Directors; and
  - the change of the Company's name to "Raider Resources Limited";
- the Company obtaining all requisite waivers and confirmations considered necessary to give effect to the Transaction, including the Company receiving conditional approval from ASX to reinstate the securities of the Company to trading;
- the Company completing the Public Offer Capital Raising (described below);
- the Company and Timok obtaining any other necessary third party consents to lawfully complete the Transaction.

### **Consideration**

In consideration for 100% of the issued capital of Timok, the Company will issue to the shareholders of Timok (or their respective nominees) (subject to shareholder approval):

- 75,000,000 fully paid ordinary Company shares ('Shares'); and
- 200,000,000 Company performance shares ('Performance Shares').

The Performance Shares will convert into Shares on a one for one basis upon satisfaction of the following milestones:

- 62,500,000 Performance Shares (Class A Performance Shares) will convert upon the announcement by the Company to ASX of the delineation of a Mineral Resource on the Licenses of at least:
  - 500,000 ounces of contained gold equivalent reported at or above 0.5 g/t gold equivalent; or
  - 100Kt of contained copper equivalent reported at or above 0.2g/t copper equivalent, or
  - 200Kt Zinc and/or associated metals (lead, silver, gold and/or copper), reported at or above 1% zinc for zinc, 3g/t silver for silver, 0.2g/t copper for copper, 0.8%lead for lead and 0.5g/t gold for gold, in which the associated metals may or may not be present in any combination;and which is prepared and reported in accordance with the JORC Code;
- 62,500,000 Performance Shares (Class B Performance Shares) will convert upon the announcement by the Company to ASX of the results of a Scoping Study and that the Board has resolved to undertake a Pre-Feasibility Study on all or part of the Company Licenses;
- 75,000,000 Performance Shares (Class C Performance Shares) will convert upon the announcement of a positive Pre-Feasibility Study in respect of a Company project (or Company projects).

The Company has sought, and expects to receive approval from the ASX in respect of the terms of the Performance Shares. Full details of the terms of the Performance Shares will be announced to the market and provided to shareholders for approval.

### **Capital Raisings**

As announced on 14 November 2017 the Company has completed an interim capital raising of \$640,000 by way of a placement of Shares (for which Shareholder approval was obtained on 8 September 2017) ('Interim Capital Raising').

The funds raised under the Interim Capital Raising will be used to repay Otsana Capital the deposit and the recapitalisation payment made by Otsana Capital in connection with the recently effectuated Deed of Company Arrangement in respect of the Company and for general working capital.

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The Company has also agreed to issue one free-attaching option for every Share issued under the Interim Capital Raising ('Attaching Options') subject to shareholder approval. No funds will be raised from the issue of the Attaching Options. Funds raised from the conversion of the Attaching Options will be applied towards working capital.

The Company has also entered into convertible note agreements to raise a further \$100,000 (before costs) ('Convertible Notes'). The Convertible Notes are convertible to Shares at completion of the Transaction with one free-attaching option for every Share issued ('Convertible Note Securities') subject to shareholder approval. No funds will be raised from the issue of the Convertible Note Securities. Funds raised from the conversion of any Convertible Note Securities will be applied towards working capital.

The Company further intends to undertake a capital raising under a prospectus to raise up to \$5 million by way of an offer of Shares ('Public Offer Capital Raise'). The Public Offer Capital Raise will have a minimum subscription of 250,000,000 Shares. The funds raised under the Public Offer Capital Raising will be used (among other things) to fund for the proposed exploration programmes to be undertaken on the Licences and for general working capital.

None of the Capital Raisings are presently intended to be underwritten.

Further details of the capital raisings the securities to be issued under them will be announced to the market and provided to shareholders for approval (except to the extent that shareholder approval has already been obtained for the issue of those securities).

### Facilitator Securities

In connection with the Transaction, the Company has agreed to issue (subject to shareholder approval) up to 40,000,000 Company shares and 13,000,000 Company options (together, the 'Facilitator Securities') to Otsana Capital (or its nominees) for facilitation services provided with respect to the Acquisition and the Public Offer Capital Raisings. No funds will be raised from the issue of the Facilitator Securities.

### BOARD AND MANAGEMENT

Upon completion of the Transaction, current Company director Ms Kyla Garic will retire. From Completion, (subject to shareholder approval) the board will comprise:

1. Mr Martin Pawlitschek (Non-Executive Director);
2. Mr Dusko Ljubojevic (Executive Director);
3. Mr Michael Davy (Non-Executive Director); and
4. Mr Nicholas Young (Non-Executive Director)

Further details on the proposed Company directors are set out below:

#### Non-Executive Director - Mr Martin Pawlitschek

Martin, currently serves as Senior Vice President of Geology for a mining focussed Private Equity fund. Martin is based in Europe and is responsible for undertaking technical due diligence on mining projects, principally from a geology and resource risk perspective, but also to evaluate exploration upside. He has taken part in over forty detailed due diligence reviews and site visits over the last three years and was a key member in the selection of the funds projects to date.

Martin has over 20 years of experience primarily in exploration and resource drilling with some exposure to underground and open pit mines. During his 11-year tenure with BHP Billiton, he oversaw numerous exploration programs in Australia, Laos and several countries in Southern and Central Africa. Later in his career with BHPB he was responsible for the technical aspects setting up several new business opportunities in the diamond sector in Botswana, South Africa, Angola and DRC. The Angolan projects resulted in the discovery of several large, diamond-bearing kimberlites.

He later joined one of the junior companies set up by BHP Billiton and moved forward an ambitious diamond exploration program in the DRC. From there he continued his career in the junior sector with a move to Senegal where he managed a large portfolio of exploration permits for gold in Eastern Senegal, which resulted in the development of what is now the 10MOz Sabodala gold camp with an annual output in excess of 200Koz of gold. He also had early involvement in the evaluation of the Grand Cote Mineral sands project on the coast of Senegal, this is now the world's largest mineral sands dredging operation.

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He is a Fellow of the Australasian Institute of Geoscientists, holds an M.Sc. from the University of New South Wales, Australia, a B.Sc. in Applied Geology (Honours) from University of Technology.

### **Executive Director - Mr Dusko Ljubojevic**

Mr Ljubojevic currently serves as the Head of Small Scale Mining and Geology for Barrick Gold Corporation's Asset Development Group. Based in Europe, Mr Ljubojevic is responsible for technical evaluations and strategy advisement for all the exploration and development projects within Barrick's Asset Development Groups' portfolio, Mr Ljubojevic has over 12 years of experience as a geologist, with experience in greenfield and brownfield exploration, including positions in open pit and underground environments. He has extensive experience in Africa and Europe, Asia, and North America and notably a significant amount of experience in the Eastern European region. Mr Ljubojevic has previously held positions with a number of ASX listed exploration and development companies in Africa.

Mr Ljubojevic has been involved in the formation and running in a number of start-up exploration companies which secured projects and were subsequently funded. Mr Ljubojevic is also on the technical advisory board of, Balkan Mineral Resources which is currently advancing its Cadinje Skarn deposit to development in Serbia.

### **Non-Executive Director - Mr Michael Davy**

Mr Davy is an accountant with 15 years' experience. His experience is broad having worked in oil and gas, resources, property, food distribution, restaurants and start-up technology companies. Mr Davy is also a director and owner of a number of successful private companies. During the past five years Mr Davy has held directorships in numerous ASX listed companies.

### **Non-Executive Director – Mr Nicholas Young**

Mr Young holds a Bachelor of Commerce, majoring in Accounting and Finance, is a Chartered Accountant and has completed the Insolvency Education Program at the Australian Restructuring Insolvency and Turnaround Association. Nicholas commenced his career in the Corporate Restructuring division of an accounting firm and has gained valuable experience in Australia and Southern Africa, across a wide range of industries, including mining and exploration, mining services, renewable energy, professional services, manufacturing and transport. Mr Young has been involved in the recapitalisation of various ASX-listed companies and is currently a non-executive director of MHM Metals Limited.

### **Pro-forma Capital Structure**

The pro forma capital structure of the Company following completion of the Acquisition and Public Offer Capital Raising is set out below:

	<b>Shares</b>	<b>%</b>	<b>Options<sup>2</sup></b>	<b>Performance Shares<sup>3</sup></b>
Existing Company Securities <sup>1</sup>	40,430,796	9.9	-	-
Consideration Securities	75,000,000	18.3	-	200,000,000
Public Offer Capital Raising Shares	250,000,000	60.9	-	-
Facilitator Securities	40,000,000	9.7	13,000,000	-
Attaching Options	-	-	32,000,000	-
Convertible Note Securities	5,000,000	1.2	5,000,000	-
<b>TOTAL<sup>4</sup></b>	<b>410,430,796</b>	<b>100</b>	<b>50,000,000</b>	<b>200,000,000</b>

#### **Notes:**

1. Includes 32,000,000 Shares issued under the Interim Capital Raising.
2. Unquoted Options exercisable at \$0.02 each and expiring 3 years from the date of issue.



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3. Comprised of 62,500,000 Class A Performance Shares, 62,500,000 Class B Performance Shares and 75,000,000 Class C Performance Shares.
4. Assuming no further Securities are issued, no Options are exercised and no Performance Shares are converted.

### Pro-forma Balance Sheet and likely effect on revenue, profit and expenditure

An indicative pro forma statement of financial position of the Company which details the likely effect of the Transaction on the Company's consolidated total assets, total equity interests, annual revenue, annual expenditure and annual profit before tax is included as Schedule 1 to this announcement.

Given that, as a result of the Transaction, the Company's main business activity will be minerals exploration, the Transaction will likely have no effect on the Company's annual revenue or profit. The Company's expenditure, subject to completion of the Transaction, will be focused on the Company's intended exploration program for the projects that it will acquire as a result of the Transaction.

### Effect on control

No person will acquire control of, or voting power of 20% of more in, the Company as a result of the Transaction.

### ASX policy on removal of long term suspended entities

The policy of ASX Limited ('ASX') as set out in section 3.4 of ASX Listing Rules Guidance Note 33 'Removal of Entities from the ASX Official List' is that it is appropriate to automatically remove from the official list any entity whose securities have been suspended from trading for a continuous period of 3 years. Under the policy, if the Company's securities remain continuously suspended on 8 January 2018, the Company will automatically be removed from the official list, with the removal being effective from the open of trading on the next business day. This policy has effectively given the Company 3 years to implement a transaction that will result in the resumption of trading in its securities. Otherwise, ASX will automatically remove the Company from the official list in accordance with the aforementioned policy.

In very limited circumstances ASX may agree to a short extension of 3 months from the date of lodgement of the original prospectus with ASIC from the deadline above for the automatic removal of a long-term suspended company if it can demonstrate to ASX's satisfaction that it is in the final stages of implementing a transaction that will lead to the resumption of trading in its securities within a reasonable period. For these purposes, "final stages" means:

- having announced the transaction to the market;
- having signed definitive legal agreements for the transaction (including for any financing required in respect of the transaction);
- if the transaction requires a prospectus or product disclosure statement to be lodged with ASIC, having lodged that document with ASIC; and
- if the transaction requires security holder approval, having obtained that approval.

### Timetable

The anticipated timetable to completion of the Transaction is as follows:

Event	Indicative Timing
Despatch of Notice of Meeting to Shareholders	4 December 2017
Lodgement of Prospectus and Prospectus offers anticipated to open	5 December 2017
Prospectus offers close	2 January 2018
Annual General Meeting ASX notified whether Shareholders' approval has been granted for the Resolutions	8 January 2018

# A.C.N 009 161 522 LIMITED (FORMERLY SUBZERO GROUP LIMITED)

ACN 009 161 522

## ASX ANNOUNCEMENT

Tel (08) 9486 7244

Fax (08) 9463 6373

Event	Indicative Timing
Subject to Directors' satisfaction that the conditions precedent in Acquisition Agreement are satisfied (or waived), Completion of the Acquisition Agreement.	15 January 2018
Reinstatement of Shares on ASX (subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and subject to ASX agreeing to reinstate the Shares to quotation)	1 February 2018

- The dates in this timetable are indicative only and subject to change

### Other matters

ASX takes no responsibility for the contents of this announcement.

The Company is in compliance with its continuous disclosure obligations under ASX Listing Rule 3.1.

Otsana Capital are sole lead manager for this transaction and Otsana Capital and Discovery Capital Partners act as joint corporate advisor to the Company.

For corporate matters, please contact joint corporate advisors:



**Faldi Ismail:** +61 8 9486 7244  
**Email:** [faldi@otsana.com](mailto:faldi@otsana.com)



**Email:** [enquiries@discoverycapital.com.au](mailto:enquiries@discoverycapital.com.au)

A.C.N 009 161 522 LIMITED (FORMERLY  
SUBZERO GROUP LIMITED)

ACN 009 161 522

**ASX ANNOUNCEMENT**

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**Schedule 1 - Pro forma balance sheet**

	ACN 009 161 522 Limited Audited Balance Sheet at 30 June 2017	Timok Resources Pty Ltd Unaudited Balance Sheet at 30 June 2017	Adjustment Note 1	Adjustments Notes 2-4 & 6	Adjustment Note 5	Adjustments Note 7-8	Unaudited Proforma at 30 June 2017
	AUD	AUD	AU	AU	AU	AU	AUD
<b>Current Assets</b>							
Cash and cash equivalents	2,490,597	991	(2,490,597)	261,600	4,235,630	-	4,498,221
Trade and other receivables	-	308	-	-	-	-	308
Other assets	-	1,847	-	-	-	-	1,847
<b>Total Current Assets</b>	<b>2,490,597</b>	<b>3,146</b>	<b>(2,490,597)</b>	<b>261,600</b>	<b>4,235,630</b>	<b>-</b>	<b>4,500,376</b>
<b>TOTAL ASSETS</b>	<b>2,490,597</b>	<b>3,146</b>	<b>(2,490,597)</b>	<b>261,600</b>	<b>4,235,630</b>	<b>-</b>	<b>4,500,376</b>
<b>Current Liabilities</b>							
Trade and other payables	11,063,070	1,835	(11,063,070)	-	-	-	1,835
Syndicate loan	22,758,000	-	(22,318,000)	(440,000)	-	-	-
Borrowings	-	3,325	-	-	-	-	3,325
<b>Total Current Liabilities</b>	<b>33,821,070</b>	<b>5,160</b>	<b>(33,381,070)</b>	<b>(440,000)</b>	<b>-</b>	<b>-</b>	<b>5,160</b>
<b>Non-current Liabilities</b>							
Borrowings	-	46,223	-	100,000	-	(100,000)	46,223
<b>Total non-current Liabilities</b>	<b>-</b>	<b>46,223</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>(100,000)</b>	<b>46,223</b>
<b>TOTAL LIABILITIES</b>	<b>33,821,070</b>	<b>51,383</b>	<b>(33,381,070)</b>	<b>(340,000)</b>	<b>-</b>	<b>(100,000)</b>	<b>51,383</b>
<b>NET ASSETS</b>	<b>(31,330,473)</b>	<b>(48,237)</b>	<b>30,890,473</b>	<b>601,600</b>	<b>4,235,630</b>	<b>100,000</b>	<b>4,448,993</b>
<b>EQUITY</b>							
Issued capital	18,382,865	2	-	(17,735,849)	4,700,000	900,000	6,247,018

A.C.N 009 161 522 LIMITED (FORMERLY  
SUBZERO GROUP LIMITED)

ACN 009 161 522

**ASX ANNOUNCEMENT**

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Reserves	-	(2,894)	-	2,894	-	162,924	162,924
Accumulated losses	(49,713,338)	(45,345)	30,890,473	18,334,555	(464,370)	(962,924)	(1,960,949)
<b>TOTAL EQUITY</b>	<b>(31,330,473)</b>	<b>(48,237)</b>	<b>30,890,473</b>	<b>601,600</b>	<b>4,235,630</b>	<b>100,000</b>	<b>4,448,993</b>

**Notes on Pro Forma**

- (1) Settlement of the Deed of Company Arrangement (**DOCA**) and extinguishing assets and liabilities and DOCA Payment of (made via loan - refer Note 6) \$440,000;
- (2) Interim Capital Raise by way of a placement of 32,000,000 shares @ \$0.02 net of costs;
- (3) Issue of the Convertible Note to raise \$100,000;
- (4) Under the terms of the Transaction, the Company acquires all the issued share capital of Timok Resources Pty Ltd by issuing a total of 75,000,000 shares, to the Timok Resources Pty Ltd shareholders, giving the Timok Resources Pty Ltd shareholders a controlling interest in the Company and equating to a controlling interest in the combined entity following the Transaction. Timok Resources Pty Ltd has thus been deemed the acquirer for accounting purposes as it will own approximately 64.97% (75,000,000 / 115,430,796) of the consolidated entity (prior to the shares issued in relation to the Public Offer Capital Raising). The acquisition of Timok Resources Pty Ltd by the Company is not deemed to be a business combination, as the Company is not considered to be a business under AASB 3 Business Combinations.  
As such the consolidation of these two companies is on the basis of the continuation of Timok Resources Pty Ltd with no fair value adjustments, whereby Timok Resources Pty Ltd is deemed to be the accounting parent. Therefore the most appropriate treatment for the transaction is to account for it under AASB 2 Share Based Payments, whereby Timok Resources Pty Ltd is deemed to have issued shares to Company shareholders in exchange for the net assets held by the Company.  
In this instance, the value of the Company shares provided has been determined as the notional number of equity instruments that the shareholders of Timok Resources Pty Ltd would have had to issue to the Company to give the owners of the Company the same percentage ownership in the combined entity. We have deemed this to be \$ 647,016. The pre-acquisition equity balances of the Company are eliminated against this increase in share capital upon consolidation and the balance is deemed to be the amount paid for the ASX listing status of the Company, being \$647,016;
- (5) Public Offer Capital Raising of \$5,000,000 through the issue of 250,000,000 shares at \$0.02, net of costs;
- (6) The repayment of loan used to settle the DOCA (refer Note 1) totalling to \$440,000;
- (7) The conversion of Convertible Note into 5,000,000 shares and 5,000,000 free attaching options; and
- (8) The issue of 40,000,000 shares and 13,000,000 options to Otsana Capital with exercise price of \$0.02 and expiring 3 years from issue.