

## Share Purchase Plan opens

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**Tesoro Resources Limited (Tesoro or the Company)** advises that further to its ASX announcement dated 9 December 2020, the Share Purchase Plan (**SPP**) is now open for Eligible Shareholders (as defined below) to apply for up to A\$30,000 of new fully paid ordinary shares in the Company without incurring brokerage or other transaction costs. The SPP aims to raise approximately A\$3 million. Tesoro may decide to accept applications (in whole or in part) that result in the SPP raising more or less than this amount in its absolute discretion. The SPP is not underwritten.

The issue price of Shares to be issued under the SPP (**SPP Shares**) is \$0.27 per share

Shareholders are eligible to participate in the SPP if they had a registered address in Australia or New Zealand on Tesoro's share register at 5:00pm (WST) on Tuesday, 8 December 2020 (**Eligible Shareholders**).

A copy of the Letter to Eligible Shareholders that was dispatched to Eligible Shareholders today along with a personalised Application Form is annexed to this announcement. A Prospectus in relation to the SPP was lodged with the ASIC and ASX today (**SPP Prospectus**), a copy of which is also annexed to this announcement.

Further, the Company advises that in its ASX announcement dated 9 December 2020 and titled '\$21 million capital raising to underpin exploration', the discounts to the last closing price and 5 trading day and 15 trading day volume weighted average price (**VWAP**) were incorrectly noted. The Company confirms the issue price of the SPP Shares, being \$0.27, is a discount of 8.5% to the last closing price (\$0.295 on 4 December 2020) and a discount of 12.8% to the 5 trading day and 15 trading day VWAP.

Authorised by the Board of Tesoro Resources Limited.

### For more information:

**Company:**

Zeff Reeves, Managing Director  
Tesoro Resources Limited  
+61 8 9322 1587

**Investors:**

Peter Taylor  
NWR Communications  
+61 (0) 412 036 231  
peter@nwrcommunications.com.au

## About Tesoro

Tesoro Resources Limited was established with a strategy of acquiring, exploring, and developing mining projects in the Coastal Cordillera region of Chile. The Coastal Cordillera region is host to multiple world class copper and gold mines, has well established infrastructure, service providers and an experienced mining workforce. Large areas of the Coastal Cordillera remain unexplored due to the unconsolidated nature of mining concession ownership, but Tesoro, via its in-country network and experience has been able secure rights to a district scale gold project in-line with the Company's strategy. Tesoro has rights to acquire up to 80% of the El Zorro Gold Project.





11 December 2020

Dear Shareholder,

## SHARE PURCHASE PLAN - LETTER TO ELIGIBLE SHAREHOLDERS

We write to you as the holder of Tesoro Resources Limited (ASX: TSO) (**Tesoro** or **Company**) fully paid ordinary shares (**Shares**) with a registered address in Australia or New Zealand as at the record date of 5:00pm (WST) Tuesday, 8 December 2020 (**Record Date**).

On behalf of the Directors, I am pleased to offer you the opportunity to participate in the Tesoro share purchase plan (**SPP**), which was announced to the Australian Securities Exchange (**ASX**) on 9 December 2020 and follows shortly after the successful placement of shares to sophisticated, professional and institutional investors which raised A\$18 million (**Placement**).

Tesoro is undertaking the SPP offer to shareholders of the Company (**Shareholders**) with a registered address in Australia or New Zealand as at 5:00pm on the Record Date. The issue price of Shares to be issued under the SPP (**SPP Shares**) is \$0.27 per share, representing an 8.5% discount to the last closing price and a 12.8% discount to the 5 day-trading and 15 day-trading volume weighted average market price (**VWAP**).

The SPP will allow Eligible Shareholders (as defined below) to apply for up to A\$30,000 worth of SPP Shares at the issue price. A prospectus in relation to the SPP was lodged with ASX today (**Prospectus**) and an electronic copy is available at [www.tesororesources.com.au](http://www.tesororesources.com.au).

A copy of your personalised application form, including information about how to apply for SPP Shares and submit a payment via BPAY®, or by direct transfer, is enclosed. If you have any questions regarding how to participate in the SPP, please contact the Company's share registry, Automic, on 1300 288 664 (within Australia), +61 2 9698 5414 (outside Australia) or at [corporate.actions@automic.com.au](mailto:corporate.actions@automic.com.au) between 9:00am and 5:00pm (AWST).

Unless otherwise defined, capitalised terms used in this letter have the meaning given in the Prospectus.

## AVAILABILITY OF THE SHARE PURCHASE PLAN

The SPP is available to all Eligible Shareholders to apply for a minimum of A\$2,000 and a maximum of A\$30,000 worth of Shares in the increments set out in section 4.6 of the Prospectus.

Payment of funds must be received by the Company on or before 5:00pm (WST) Friday, 8 January 2021, unless the Company extends the Closing Date of the SPP. Eligible Shareholders wishing to participate in the SPP should ensure that they have lodged their SPP Application Form by this date.

SPP Shares issued will be fully paid and rank equally with all existing Shares on issue.

SPP	
Record date for determining eligibility for SPP	5:00pm, Tuesday, 8 December 2020
Lodgement of Prospectus and SPP opening date	Friday, 11 December 2020
SPP closing date	5:00pm, Friday, 8 January 2021
Last day to issue New Shares under the SPP	Tuesday, 19 January 2021
Normal trading of New Shares under the SPP	Wednesday, 20 January 2021



## **ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS**

Eligible Shareholders may participate in the SPP by submitting a BPAY® payment, or making a payment by direct transfer, in accordance with the instructions on your application form and outlined in the Prospectus, and using the personalised customer reference number which is required to identify your holding as shown on your personalised application form enclosed.

Applications for SPP Shares can only be made by those Eligible Shareholders invited to make an application under the SPP. Tesoro reserves the right to close the SPP early or extend the SPP in its discretion.

Participation is optional and Eligible Shareholders may elect to do nothing. If you choose to do nothing, you will continue to hold the same number of Shares, however, your interest in Tesoro will be diluted. Your right to participate in the SPP is not transferable.

As noted above, you may view an electronic copy of the Prospectus, including information about how to apply under the SPP, at [www.tesororesources.com.au](http://www.tesororesources.com.au). If you have any questions in relation to how to participate in the SPP, please contact the Company's share registry, Automic, on 1300 288 664 (within Australia), +61 2 9698 5414 (outside Australia) or at [corporate.actions@automic.com.au](mailto:corporate.actions@automic.com.au) between 9:00am and 5:00pm (AWST).

## **SCALE BACK**

The SPP aims to raise a total of approximately A\$3 million, although the Company may decide to accept applications (in whole or in part) that result in the SPP raising more or less than this amount in its absolute discretion.

The Company reserves absolute discretion to scale back applications under the SPP Offer to the extent and in the manner that it sees fit. If the Company undertakes a scale back, you will receive the number of Shares determined by the Company in its absolute discretion which may be less than the parcel of Shares for which you have applied. In this case, the difference between the application moneys received and the number of Shares allocated to you multiplied by the issue price, may be refunded to you by direct credit (to your nominated account if recorded on the Company's share register) or cheque as soon as practicable without interest at the time of allotment.

If a scale back produces a fractional number of SPP Shares when applied to the number of Shares for which you have applied, the number of SPP Shares issued to you will be rounded down to the nearest whole number of SPP Shares.

Yours sincerely,

**John Toll**  
**Non-executive Chairman**  
**Tesoro Resources Limited**

# TESORO RESOURCES LIMITED

## ACN 106 854 175

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## SHARE PURCHASE PLAN PROSPECTUS

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For an offer to Eligible Shareholders of up to 11,111,111 Shares at an issue price of \$0.27 per Share to raise up to \$3,000,000 (**SPP Offer**).

In the event that less than \$3,000,000 is applied for under the SPP Offer by Eligible Shareholders, the Directors will seek to place that number of Shares at an issue price of \$0.27 per Share to raise up to \$3,000,000 when combined with the amount raised under the SPP Offer (**Shortfall Offer**).

This Prospectus also contains an offer of up to 1,000 Shares at an issue price of \$0.27 per Share to raise \$270 (**Cleansing Offer**).

The Cleansing Offer is included primarily for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company prior to the Closing Date of the Cleansing Offer.

### SHARE PURCHASE PLAN INFORMATION

The Share Purchase Plan is currently scheduled to close at 5:00pm (WST) on 8 January 2021. Valid applications must be received by that time. Details of how to apply for Shares are set out in the SPP Application Form accompanying this Prospectus.

### IMPORTANT NOTICE

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

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

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## IMPORTANT NOTES

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This Prospectus is dated 11 December 2020 and was lodged with the ASIC on that date. The ASX, the ASIC 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 may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

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

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

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original SPP Application Form.

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

### **ASIC Class Order on Share Purchase Plans**

In certain circumstances, a listed company may undertake a share purchase plan in accordance with ASIC Class Order CO 09/425 (**Class Order**). This Class Order allows a share purchase plan to be conducted without the use of a prospectus once in any consecutive 12-month period.

The ASIC Instrument only applies to the offer of securities under a share purchase plan where a company's securities have not been suspended from quotation on ASX for more than a total of five days during the shorter of:

- (a) the period during which the class was quoted; and
- (b) the period of 12 months before the day on which the offer is made.

As the Company's securities were suspended from quotation for more than five days in the previous 12 months, the Company is unable to rely on the relief granted by the ASIC Instrument and, therefore, is undertaking the share purchase plan under this Prospectus.

### **Investment Advice**

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for securities under this Prospectus.

### **Risk factors**

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 5 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative.

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

### **Taxation implications**

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of applying for Securities under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their

professional tax adviser in connection with applying for Securities under this Prospectus.

### **Disclaimer**

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

### **Forward-looking statements**

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

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

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

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 our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5 of this Prospectus.

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## CORPORATE DIRECTORY

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### **Directors**

John Toll  
*Non-Executive Chairman*

Zeffron Reeves  
*Managing Director*

Geoffrey McNamara  
*Non-Executive Director*

### **Company Secretary**

Shannon Coates

### **Share Registry\***

Automic Registry Services  
Level 2  
267 St Georges Terrace  
PERTH WA 6000

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

### **Registered Office**

Suite 5  
62 Ord Street  
WEST PERTH WA 6005

Telephone: + 61 8 9322 1587

Email:  
info@tesororesources.com.au  
Website:  
www.tesororesources.com.au

### **Solicitors**

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

### **Auditor\***

RSM Australia Partners  
Level 32  
2 The Esplanade  
PERTH WA 6000

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



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**1. TIMETABLE**

<b>Event</b>	<b>Date (WST)</b>
Record Date	8 December 2020
Announcement of SPP Offer and Cleansing Offer	9 December 2020
Lodgement of SPP and Cleansing Prospectus with ASIC and ASX	11 December 2020
Opening Date of SPP Offer and Cleansing Offer	11 December 2020
Closing Date for SPP Offer** and Cleansing Offer	8 January 2021
Announcement of results of SPP**	13 January 2021
Last day to issue shares purchased under SPP and apply for quotation of those shares**	19 January 2021

\*These dates are indicative only and may change without prior notice.

\*\* Subscribers under the SPP Offer should ensure that they have lodged their SPP Application Form by this date.

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## 2. DETAILS OF THE OFFERS

### 2.1 The SPP Offer

As announced on 9 December 2020, the Company is undertaking an offer of Shares to existing Shareholders pursuant to a share purchase plan (**SPP** or **Share Purchase Plan**).

By this Prospectus, the Company invites Eligible Shareholders to apply for a total of 11,111,111 Shares at an issue price of \$0.27 per Share to raise up to \$3,000,000 (before costs) (**SPP Offer**).

Eligible Shareholders are entitled to apply for a maximum of \$30,000 worth of Shares (representing 111,111 Shares at an issue price of \$0.27 per Share). This is a 12.3% discount to the VWAP for Shares calculated over the last five (5) days on which sales of the Shares were recorded before the date of announcement of the Share Purchase Plan.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the SPP Offer and the intended use of funds raised, as previously disclosed to ASX, is set out in Section 3.1 of this Prospectus.

### 2.2 Placement

The Company has announced that it has secured binding commitments for a placement to sophisticated and professional investors to raise \$18,000,000 through the issue of 66,666,667 Shares (**Placement**), comprising:

- (a) 19,037,275 Shares to be issued under its existing Listing Rule 7.1 Capacity; and
- (b) 47,629,392 Shares to be issued under its Listing Rule 7.1A Capacity at an issue price of \$0.27 per Share.

PAC Partners Securities Pty Ltd (ACN 623 653 912) (AFSL 335374) (**PAC Partners**) has been appointed as lead manager to the Placement. The Company has agreed to pay PAC Partners the following fees in respect of its services as lead manager to the Placement:

- (a) a management fee of 2% (plus GST) of the total amount raised under the Placement; and
- (b) a selling fee of 4% (plus GST) of the total amount raised under the Placement. The selling fee will be reduced by the extent to which firm allocations are procured from the Company's network of individual investors.

All selling fees to third parties will be paid by PAC Partners from the fees set out above. Tribeca Investment Partners Pty Ltd (ACN 080 430 100) (AFSL 239070) (**Tribeca**) is providing capital raising services in connection with the Placement. The Company will issue 925,926 Shares to Tribeca in lieu of fees for these services.

PAC Partners is also currently engaged as the retained corporate adviser to the Company until 10 June 2021. The Company pays fees of \$7,000 per month to PAC Partners in respect of these services.

## 2.3 The Cleansing Offer

By this Prospectus, the Company invites investors identified by the Directors to apply for 1,000 Shares at an issue price of \$0.27 per Share, to raise \$270 (before expenses) under the Cleansing Offer. The Cleansing Offer will only be extended to specific parties on invitation from the Directors. Cleansing Offer Application Forms will only be provided by the Company to these parties.

## 2.4 Eligibility

Only Eligible Shareholders may participate in the SPP Offer. 'Eligible Shareholders' for the purpose of the SPP Offer are Shareholders:

- (a) who were registered holders of Shares on the Record Date; and
- (b) whose registered address was in Australia or New Zealand.

If you are the only registered Shareholder of a holding of Shares, but you receive more than one SPP Offer (for example because you hold Shares in more than one capacity), you may only apply for one parcel of Shares with a value of up to \$30,000. The Company reserves the right to reject any application for Shares under this Prospectus to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements.

Participation in the SPP Offer is optional and is subject to the terms and conditions set out in this Prospectus.

## 2.5 Minimum subscription

There is no minimum subscription for the SPP Offer and Cleansing Offer.

## 2.6 Applications

### (a) SPP Offer

An application for the SPP Offer must be made on the SPP Application Form accompanying this Prospectus. Pursuant to the SPP Offer, Eligible Shareholders may apply for a maximum of \$30,000 worth of Shares. Eligible Shareholders may participate by selecting one of the following options (**SPP Application Amount**) to purchase Shares under the SPP Offer:

	SPP Application Amount	Number of Shares which may be purchased
Offer A	\$2,000	7,407
Offer B	\$5,000	18,518
Offer C	\$10,000	37,037
Offer D	\$15,000	55,555
Offer E	\$20,000	74,074
Offer F	\$30,000	111,111

Where the amount applied for results in a fraction of a Security the number of Shares issued will be rounded down to the nearest whole Security.

Any application monies received for more than an Applicant's final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded.

Eligible Shareholders may apply under the SPP Offer by completing the SPP Application Form accompanying this Prospectus in accordance with the instructions outlined on the SPP Application Form.

If you require assistance in completing a SPP Application Form, please contact Shannon Coates, Company Secretary, on +61 8 9322 1587.

(b) **Cleansing Offer**

The Cleansing Offer will only be extended to specific parties on invitation from the Directors. Cleansing Offer Application Forms will only be provided by the Company to these parties. By completing a Cleansing Offer Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have received personally the Cleansing Offer Application Form together with a complete and unaltered copy of the Prospectus.

**2.7 Scale Back**

The Company reserves absolute discretion to scale back applications under the SPP Offer to the extent and in the manner that it sees fit.

If the Company undertakes a scale back, you will receive the number of Shares determined by the Company in its absolute discretion which may be less than the parcel of Shares for which you have applied. In this case, the difference between the application moneys received and the number of Shares allocated to you multiplied by the issue price, may be refunded to you by direct credit (to your nominated account if recorded on the Company's share register) or cheque as soon as practicable without interest at the time of allotment.

**2.8 Payment by EFT or BPAY®**

For payment by EFT or BPAY®, please follow the instructions on the SPP Application Form.

You can only make a payment via:

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

Please note that should you choose to pay by EFT or BPAY®:

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

**It is your responsibility to ensure that your EFT or BPAY® payment is received by the share registry by no later than 5:00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into**

**consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.**

## **2.9 Shortfall Offer**

In the event that less than \$3,000,000 is applied for under the SPP Offer by Eligible Shareholders, the Directors will seek to place any Shares not taken up pursuant to the SPP Offer under the Shortfall Offer (**Shortfall Securities**).

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.27 being the price at which Shares have been offered under the SPP Offer.

The allocation of the Shortfall Securities will be at the absolute discretion of the Board. Accordingly, do not apply for Shortfall Securities unless instructed to do so by the Directors.

## **2.10 Underwriting**

The Offers are not underwritten.

## **2.11 ASX listing**

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out in Section 1. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

## **2.12 Issue**

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

Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Offers.

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

Holding statements for Securities issued under the Offers will be mailed in accordance with the timetable set out at the commencement of this Prospectus.

## **2.13 Overseas shareholders**

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

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

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

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

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

#### **2.14 Commissions payable**

The Company reserves the right to pay a commission of 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee 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.

#### **2.15 Enquiries**

Any questions concerning the Offers should be directed to Shannon Coates, Company Secretary, on +61 8 9322 1587.

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### 3. PURPOSE AND EFFECT OF THE OFFERS

#### 3.1 Purpose of the Offers and Placement

The primary purpose of:

- (a) the SPP is to raise up to \$3,000,000 (before costs and assuming full subscription);
- (b) the Placement is to raise \$18,000,000 (before costs); and
- (c) the Cleansing Offer is to remove trading restrictions associated with the Shares (whilst raising a total of \$270 before costs).

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

Proceeds of the SPP Offer and the Placement	Full Subscription (\$)	%
El Zorro exploration	\$12,200,000	58.1%
El Zorro development and feasibility studies	\$4,000,000	19.0%
Administration and corporate costs	\$3,000,000	14.3%
Expenses of the Offers <sup>1</sup>	\$1,300,000	6.2%
Unallocated working capital	\$500,000	2.4%
<b>Total</b>	<b>\$21,000,000</b>	<b>100%</b>

**Notes:**

1. Refer to Section 6.7 of this Prospectus for further details relating to the estimated expenses of the SPP Offer and the Placement.

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

If there is a shortfall under the SPP Offer, the Directors have reserved the right to place the shortfall pursuant to the Shortfall Offer.

On completion of the SPP Offer, the Board believes the Company will have sufficient working capital to achieve the above objectives. However, to the extent the SPP Offer is not fully subscribed, the Company will scale back the exploration work set out above and/or delay some of the work, while it seeks alternative sources of funding. Subject to the results of the exploration work to be undertaken, additional funding may be required to advance the projects as deemed appropriate.

#### 3.2 Purpose of the Cleansing Offer

This Prospectus has also been prepared to remove any trading restrictions that may have attached to Shares issued by the Company prior to the closing dates of the Cleansing Offer (including prior to the date of this Prospectus), as applicable.



Relevantly, Section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
  - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
  - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

### 3.3 Effect of the SPP Offer and the Placement

The principal effect of the SPP Offer and the Placement, assuming the Company issues the maximum number of Shares under the SPP Offer will be to:

- (a) increase the cash reserves by \$21,000,000 (after deducting the estimated expenses of the Placement and the SPP Offer) immediately after completion of the Placement and the SPP Offer; and
- (b) increase the number of Shares on issue from 476,293,924 (prior to the issue of the Placement Shares) to 554,998,628 Shares following completion of the Placement, the SPP Offer and the Cleansing Offer.

### 3.4 Potential dilution to Shareholders

Shareholders should note that if they do not participate in the SPP Offer, their shareholdings are likely to be diluted by approximately 2.28% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below.

Holder	Holding as at Record date	Percentage at Record Date	Percentage on completion of the SPP Offer and the Placement	
			If Entitlement is accepted	If Entitlement is not accepted
Shareholder 1	50,000,000	10.50%	9.03%	9.01%
Shareholder 2	15,000,000	3.15%	2.72%	2.70%
Shareholder 3	4,000,000	0.84%	0.74%	0.72%
Shareholder 4	500,000	0.10%	0.11%	0.09%
Shareholder 5	50,000	0.01%	0.03%	0.01%

**Notes:**

1. The dilutionary effect stated above as a percentage does not take into account the impact of the Shares to be issued under the Placement.

2. The dilutionary effect shown in the table assumes that Shareholders did not participate in the Placement.
3. The dilutionary effect shown in the table is the maximum percentage on the assumption that the Company raises an aggregate of \$3,000,000 under the SPP Offer and the Shortfall Offer. The table assumes that those Entitlements not accepted by Eligible Shareholders under the SPP Offer are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.
4. The dilutionary effect shown in the table assumes that no existing Performance Rights are exercised prior to the completion of the Offers.

### 3.5 Pro-forma balance sheet

The reviewed balance sheet as at 30 June 2020 and the pro-forma balance sheet as at 30 June 2020 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted (either through the SPP Offer or subsequently taken up under the Shortfall Offer), no existing Performance Rights are exercised prior to the Record Date and including expenses of the Placement and the SPP Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Notes	Tesoro Audited 30 June 2020	Post 30 June 2020	Placement	SPP	Costs of Capital Raisings	PROFORMA BALANCE SHEET
<b>CURRENT ASSETS</b>							
Cash	1	5,871,130	1,532,283	18,000,000	3,000,000	(2,043,702)	26,359,711
Trade and other receivables		252,332					252,332
<b>TOTAL CURRENT ASSETS</b>		<b>6,123,462</b>	<b>1,532,283</b>	<b>18,000,000</b>	<b>3,000,000</b>	<b>(2,043,702)</b>	<b>26,612,043</b>
<b>NON-CURRENT ASSETS</b>							
Exploration and evaluation	2a	2,934,007	380,000	-	-	-	3,314,007
Plant and equipment		1,320	-	-	-	-	1,320
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,935,327</b>	<b>380,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,315,327</b>
<b>TOTAL ASSETS</b>		<b>9,058,789</b>	<b>1,912,283</b>	<b>18,000,000</b>	<b>3,000,000</b>	<b>(2,043,702)</b>	<b>29,927,370</b>
<b>CURRENT LIABILITIES</b>							
Creditors and other payables		346,024	-	-	-	-	346,024

	Notes	Tesoro Audited 30 June 2020	Post 30 June 2020	Placement	SPP	Costs of Capital Raisings	PROFORMA BALANCE SHEET
Share application monies		42,472	(42,472)	-	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>388,496</b>	<b>(42,472)</b>	-	-	-	<b>346,024</b>
<b>TOTAL LIABILITIES</b>		<b>388,496</b>	<b>(42,472)</b>	-	-	-	<b>346,024</b>
<b>NET ASSETS LIABILITIES)</b>		<b>8,670,293</b>	<b>1,954,755</b>	<b>18,000,000</b>	<b>3,000,000</b>	<b>(2,043,702)</b>	<b>29,581,346</b>
<b>EQUITY</b>							
Share capital	1, 2a, 3	14,499,180	2,224,542	18,000,000	3,000,000	(2,043,702)	35,680,020
Equity Based Reserves		410,550	-	-	-	-	410,550
Foreign currency translation reserve		(215,790)	-	-	-	-	(215,790)
Retained loss	2b	(6,023,647)	(269,787)	-	-	-	(6,293,434)
<b>TOTAL EQUITY</b>		<b>8,670,293</b>	<b>1,954,755</b>	<b>18,000,000</b>	<b>3,000,000</b>	<b>(2,043,702)</b>	<b>29,581,346</b>

**Notes:**

1	<b><u>Capital raising</u></b>	<b>PLACEMENT</b>	<b>SPP</b>
		18,000,000	3,000,000
		<b>18,000,000</b>	<b>3,000,000</b>
	<b><u>Cash Costs</u></b>	<b>PLACEMENT and SPP</b>	
	<b>Capital raising fees</b>	2,016,000	
	<b>ASX/ASIC</b>	3,206	
	<b>Legal fees</b>	15,000	
	<b>Printing, postage and despatch</b>	3,969	
	<b>Share Registry</b>	5,527	
	<b>Total raise net cost</b>	<b>18,956,298</b>	
2	<b>Issues Subsequent to 30 June 2020</b>		
2a	5,000,000 shares to Wanaco		380,000
2b	659,562 shares to Mulina Overseas Corp		19,787
2b	8,333,333 shares to Z Reeves - remuneration		250,000
			649,787
3	<b>June rights issue and Placement</b>		1,538,811
	Costs of June rights issue and Placement		(6,528)
			1,532,283

### 3.6 Effect on capital structure

The effect of the Offers and the Placement on the capital structure of the Company, assuming all Entitlements are accepted (either through the SPP Offer or subsequently taken up under the Shortfall Offer), is set out below.

#### Shares

	Number
Shares currently on issue	476,293,924
Shares offered pursuant to the SPP Offer	11,111,111
Shares offered pursuant to the Cleansing Offer	1,000
Shares offered pursuant to the Placement	66,666,667
Shares to be issued to Tribeca in lieu of fees	925,926
<b>Total Shares on issue after completion of the Offers</b>	<b>554,998,628</b>

#### Performance Rights

	Number
Restricted Performance Rights	136,840,000
Performance Rights	9,391,405
<b>Total Performance Rights on issue after completion of the Offers</b>	<b>146,231,405</b>

The capital structure on a fully diluted basis as at the date of this Prospectus would be 622,525,329 Shares and on completion of the Offers (assuming all Entitlements are accepted either through the SPP Offer or subsequently taken up under the Shortfall Offer) would be 701,230,033 Shares.

Some Shares and Performance Rights on issue are subject to escrow restrictions, either voluntary or ASX imposed.

### 3.7 Details of substantial holders

Based on publicly available information as at 8 December 2020, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	% <sup>1</sup>
Geoffrey William McNamara, Tanamera Resources Pte Ltd, Linkwood Holdings Pte Ltd and Medea Natural Resources Limited	39,769,405	8.35%
Scion HDG SPA	28,663,619	6.02%

#### Notes:

1. The above percentages do not take into account the impact of the Shares to be issued under the Placement.
2. Assumes that none of the above Shareholders participated in the Placement.

In the event all Entitlements are accepted (either through the SPP Offer or subsequently taken up under the Shortfall Offer) there will be no change to the substantial holders on completion of the Offers, however the participation in the Shortfall Offer by any of the substantial holders may result in a change to their shareholding interest.

The Company has confirmed that no existing Shareholder of the Company will increase its shareholding to above 19.99% as a result of the Placement, the SPP Offer or the Shortfall Offer.

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## **4. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES**

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

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

### **4.1 General meetings**

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

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

### **4.2 Voting rights**

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

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

### **4.3 Dividend rights**

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

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

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit.

#### **4.4 Winding-up**

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

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

#### **4.5 Shareholder liability**

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

#### **4.6 Transfer of shares**

Generally, Shares 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.

#### **4.7 Future increase in capital**

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

#### **4.8 Variation of rights**

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

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

#### **4.9 Alteration of constitution**

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

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## **5. RISK FACTORS**

### **5.1 Introduction**

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

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

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

### **5.2 Company specific**

#### **(a) Exploration**

Potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of the El Zorro Project, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited. The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company. The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its projects and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the El Zorro Project, a reduction in the cash reserves of the Company and possible relinquishment of the projects. The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant 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.

#### **(b) Tenement applications and license renewal**

The Company cannot guarantee additional applications for tenements made by the Company will ultimately be granted, in whole or in part.

Further, mining and exploration concessions are subject to periodic renewal. There is no guarantee that current or future concessions and/or applications for concessions will be approved. The renewal of the term of



a granted concession is also subject to the discretion of the relevant authority. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the concessions. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

The Company has yet to receive regulatory and environmental approval to convert its mineral licences into production permits. There is a risk that these approvals may not be obtained.

(c) **Main operations in Chile and land access**

While Chile is considered to be one of South America's most politically stable and prosperous nations, it may nevertheless be subject to social and economic uncertainty. Civil and political unrest and outbreaks of hostilities in Chile could affect the Company's access to its projects and subsequent exploration and development. Adverse changes in government policies or legislation in Chile affecting foreign ownership of mineral interests, taxation, profit repatriation, royalties, land access, labour relations, and mining and exploration activities may affect the operations of the Company.

(d) **Earthquake**

Chile, including the area in which the El Zorro Project is situated, is seismically active and prone to frequent earthquakes and occasional tsunamis. Any such event may result in operational delays to the Company's operations.

(e) **Mine development**

Possible future development of a mining operation at the Company's El Zorro Project is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services. If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects and treatment of ore.

(f) **Limited history**

The Company's current business, which was acquired when the Company acquired Tesoro Australia Limited (formerly Tesoro Resources Limited) has limited operating history, although it should be noted that the Directors have between them significant operational experience. No

assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its projects. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(g) **Reliance on key personnel**

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

(h) **Restricted securities reducing liquidity**

As set out in Section 3.6, certain securities on issue have been classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

### 5.3 Industry Specific

(a) **Gold Price**

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

Should the Company eventually enter a production phase, a decline in the market price of gold below the Company's production costs for any sustained period would have a material adverse impact on the profit, cash flow and results of operations of the Company's El Zorro Project and anticipated future operations. Such a decline also could have a material adverse impact on the ability of the Company to finance the exploration and development of its existing and future mineral projects. A decline in the market price of gold may also require the Company to write-down its material reserves which would have a material adverse effect on the value of the Company's securities. Further, if future revenue from any future gold sales decline, the Company may experience liquidity difficulties. The Company will also have to assess the economic impact of any sustained lower prices on recoverability and therefore, on cut-off grades and the level of any future mineral reserves and resources.

(b) **Project agreements**

The interests in the Company's El Zorro Project is contingent upon the Company meeting certain payment obligations and expenditure commitments under the Option Agreement.

Until such time as the relevant payments and expenditures are made or incurred, as applicable, the El Zorro Project mining concessions remain under the control of the controlling shareholder of the relevant legal mining company that owns them.

Further, the participation rights of the respective shareholders in each legal mining company which holds the relevant mining concessions for the El Zorro Project will not be diluted until such time as full payment and expenditure for each stage of the El Zorro Project option have been satisfied.

There is a risk therefore that whilst the majority of costs or expenditure in relation to a particular stage of the El Zorro Project option may have been expended, the associated interest in the legal mining company, and therefore the mining concessions held by it, will not be formally recognised until such time as the full amount is expended. If the full amount is not expended for any reason, for example if the Company does not have the appropriate funds in place or is unable to raise any required funds within the option period, there is a risk that, in the absence of any agreement to the contrary between the relevant parties, any expenditure undertaken on that stage to date may not be recognised.

(c) **Exploration costs**

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant 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.

(d) **Exploration success**

The mining concessions are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the mining concessions, or any other licenses that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The Company has not yet published resource estimates for any prospects. There is no assurance that exploration or project studies by the Company will result in the definition of an economically viable mineral deposit.

Exploration costs are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant 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.

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

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

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

(f) **Mine development**

Possible future development of mining operations is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

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

The risks associated with the development of a mine will be considered in full should the El Zorro Project or any future projects that the Company acquires an interest in reach that stage and will be managed with ongoing consideration of stakeholder interests.

(g) **Operations**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents,

industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(h) **Environmental**

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

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or fires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or noncompliance with environmental laws or regulations.

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

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

## **5.4 General risks**

(a) **Coronavirus (COVID-19)**

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

The Directors continue to monitor the outbreak of COVID-19 closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. In compliance with its continuous disclosure obligations, the Company will continue to

update the market in regard to the impact of COVID-19 on its revenue channels and adverse impact on the Company. If any of these impacts appear material prior to close of the SPP Offer, the Company will notify investors under a supplementary prospectus.

(b) **Climate change risks**

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:

- (i) 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
- (ii) 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.

(c) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company, as well as on its ability to fund its operations.

(d) **Commodity price volatility and exchange rate risk**

The Company's revenue will be in US dollars derived from the sale of gold and the Company's operating expenses will be incurred principally in US dollars. Movements in the USD/AUD exchange rate and/or the US dollar gold price may adversely or beneficially affect the Company's results or operations and cash flows.

(e) **Market conditions**

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

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;

- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

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

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market 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.

(f) **Taxation**

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

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

(g) **Additional requirements for capital**

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

(h) **Agents and contractors**

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

(i) **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.

(j) **Litigation risks**

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

(k) **Insurance**

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

## **5.5 Speculative investment**

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

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

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



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## **6. ADDITIONAL INFORMATION**

### **6.1 Litigation**

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

### **6.2 Continuous disclosure obligations**

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

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

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

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

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

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

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

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

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

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

Date	Description of Announcement
10/12/2020	Large surface gold target defined by trenching at Toro Gordo
09/12/2020	Presentation
09/12/2020	Proposed issue of Securities - TSO
09/12/2020	\$21 million capital raising to underpin exploration
04/12/2020	Trading Halt
01/12/2020	Geophysical survey identifies potential Ternera repeat
24/11/2020	El Zorro drilling returns multiple thick gold intercepts
19/11/2020	Results of Meeting
17/11/2020	Drilling success continues at El Zorro
16/11/2020	Tesoro to present at Virtual Resources Conference
11/11/2020	Tesoro to present at Noosa Mining Virtual Conf - Replacement
10/11/2020	Tesoro to present at Noosa Mining Virtual Conference
04/11/2020	Wide high-grade gold intercept at El Zorro
23/10/2020	Infill drilling continues to intercept gold bearing zones
20/10/2020	Notice of Annual General Meeting/ Proxy Form
20/10/2020	Quarterly Cashflow Report
20/10/2020	Quarterly Activities Report
09/10/2020	Wide gold zones defined at El Zorro
01/10/2020	Appendix 4G
01/10/2020	Corporate Governance Statement
01/10/2020	Annual Report to shareholders

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

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

### 6.3 Market price of shares

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

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

Highest	\$0.525	15 October 2020
Lowest	\$0.0175	7 September 2020
Last	\$0.280	10 December 2020

### 6.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the two (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:

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

#### **Security holdings**

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

Director	Shares	Performance Rights
Mr John Toll <sup>1</sup>	3,671,696	Nil

Director	Shares	Performance Rights
Mr Zeffron Reeves <sup>2</sup>	20,647,222	63,027,195
Mr Geoffrey McNamara <sup>3</sup>	35,594,805	73,812,805

**Notes:**

- 3,671,696 fully paid ordinary shares are held by Mr John Toll as trustee for the Toll Family Discretionary Trust.
- 20,647,222 fully paid ordinary shares and 63,027,195 performance rights are held by Mr Zeffron Charles Reeves as trustee for the Palin Trust.
- 22,410,546 fully paid ordinary shares are held by Tanamera Resources Pte Ltd (a company registered in Singapore). Geoffrey McNamara is the sole director and shareholder of Tanamera Resources Pte Ltd. 13,184,259 fully paid ordinary shares and 73,812,805 performance rights are held by Linkwood Holdings Pte Ltd (a company registered in Singapore). Geoffrey McNamara is a director and substantial shareholder of Linkwood Holdings Pte Ltd

**Remuneration**

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

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

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

Director	Year ending 30 June 2020 Salary/Director fees (AUD)	Year ended 30 June 2019 Salary/Director fees (AUD)	Year ended 30 June 2018 Salary/Director fees (AUD)
John Toll	\$20,834	\$52,952 <sup>1</sup>	\$44,548
Zeffron Reeves	\$304,338 <sup>2</sup>	-	-
Geoffrey McNamara	\$252,283 <sup>3</sup>	-	-

**Notes:**

- Includes a cash-based payment of \$37,500 and a share-based payment (performance rights) of \$15,452.

2. Includes a cash-based payment of \$159,500 and a share-based payment (performance rights) of \$144,838.
3. Includes a cash-based payment of \$20,834 and a share-based payment (performance rights) of \$231,449.

## 6.5 Interests of experts and advisers

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

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

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

- (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 any of these persons for services provided in connection with:

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

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$309,637.39 (excluding GST and disbursements) for legal services provided to the Company.

## 6.6 Consents

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

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and
- (c) Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

## 6.7 Expenses of the SPP Offer and the Placement

In the event that all Entitlements are accepted, the total expenses of the SPP Offer and the Placement are estimated to be approximately \$47,954 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	20,252
Legal fees	15,000
Printing, postage and despatch	3,969
Share registry	5,527
<b>Total</b>	<b>47,954</b>

\* The Company reserves the right to pay a commission of 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee 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. For those applications made directly to and accepted by the Company no broker commissions will be payable.

## 6.8 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.

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

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

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank

account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

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

## **6.10 Privacy Act**

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

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

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

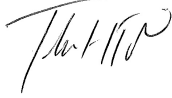
Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988 (Cth)* (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required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

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**7. DIRECTORS' AUTHORISATION**

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

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



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**John Toll**  
**Non-executive Chairman**  
**For and on behalf of**  
**Tesoro Resources Limited**



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## 8. GLOSSARY

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

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

**Applicant** means a person who applies for Shares pursuant to the Offers.

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

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

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

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

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

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

**Cleansing Offer Application Form** means the application form provided to specific parties on invitation from the Directors relating to the Cleansing Offer.

**Cleansing Offer** means the offer of Shares set out in Section 2.3 of this Prospectus.

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

**Company** means Tesoro Resources Limited (ACN 106 854 175).

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

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

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

**Eligible Shareholders means** Shareholders:

- (a) who were registered holders of Shares on the Record Date; and
- (b) whose registered address was in Australia or New Zealand.

**Entitlement** means the entitlement of an Eligible Shareholder to participate in the SPP Offer.

**Offers** means the SPP Offer, the Shortfall Offer and the Cleansing Offer.

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

**Placement** has the meaning given in Section 2.2.

**Prospectus** means this prospectus.

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

**Section** means a section of this Prospectus

**Securities** means Shares offered pursuant to the Offers.

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

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

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

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in Section 2.9 of this Prospectus.

**Shortfall Securities** means those Securities issued pursuant to the Shortfall Offer.

**SPP Application Form** means the SPP Entitlement and Acceptance Form either attached to or accompanying this Prospectus.

**SPP Offer** means the offer of Shares to Eligible Shareholders as set out in Section 2.1 of this Prospectus.