

**ASX ANNOUNCEMENT**

23 August 2021

## Fargo to Acquire Odessa Minerals Limited – Western Australian Diamond Explorer

### SUMMARY

- Fargo Enterprises Limited has entered into a binding Terms Sheet to acquire Odessa Minerals Limited.
- Odessa has agreed to acquire a 90% interest in the Aries Project, Calwynyardah Project and Aries Extension Project, as well as 11 applications for exploration licences, which are located in the Kimberley region of Western Australia and are highly prospective for diamonds.
- These applications are held over the Ellendale Diamond Field, the Calwynyardah Diamond Field and the Noonkanbah Diamond Field.

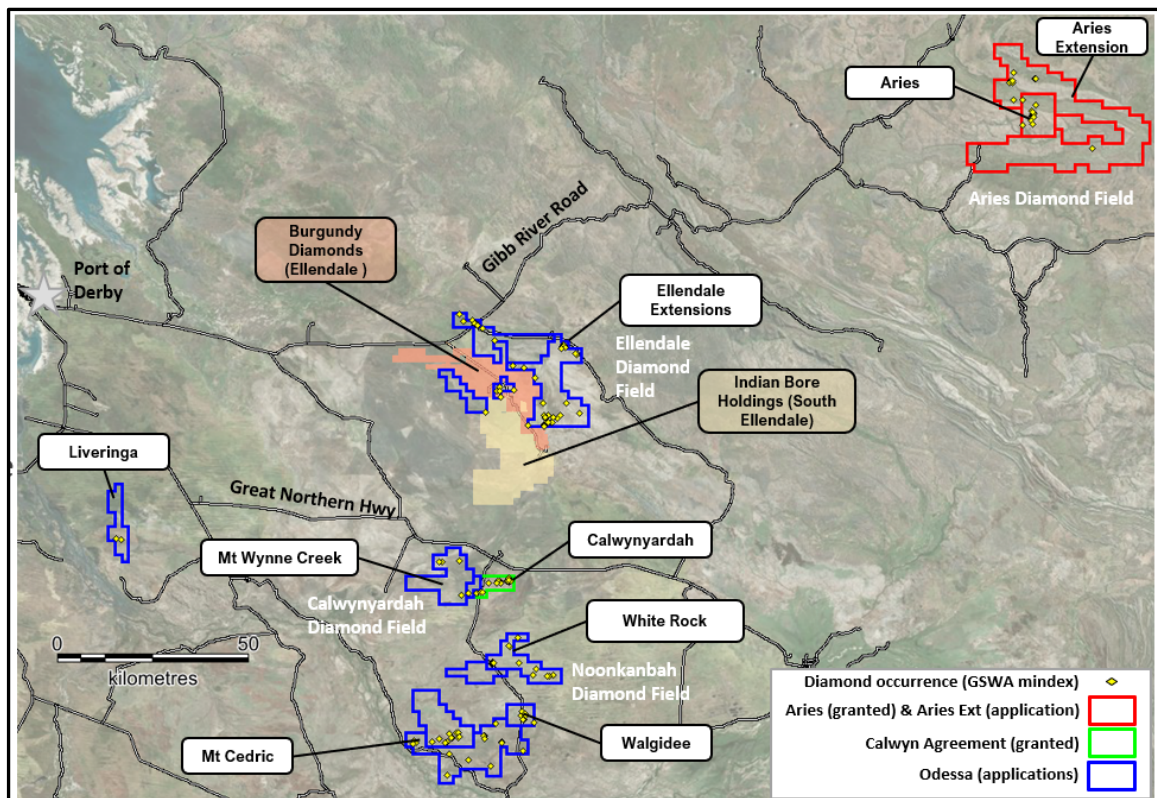


Figure 1: Project Location Map, Kimberley, Western Australia

- Odessa will hold 2,000 square kilometres of tenure, including granted licenses and applications, the transaction positions Fargo as one of Australia’s only diamond explorers.
- The Aries Kimberlite field has had previous exploration indicating multiple diamond bearing pipes, with multiple alluvial diamond occurrences.
- Applications in the Ellendale diamond field include known pipes, with multiple diamond occurrences bordering Burgundy Diamond Mines’(BDM.ASX) Ellendale operation, which “previously produced 50% of the worlds fancy yellow diamonds” – BDM presentation 26 July 2021.
- Calwynyardah and Noonkanbah diamond field contain multiple diamond bearing pipes and alluvial potential.
- As part of the transaction process, the Company intends to consolidate the current shares on issue on a 5 to 1 basis, subject to shareholder approval.

- Acquisition consideration consists of ~196m Ordinary Fargo shares and ~98m unquoted options with an exercise price of \$0.04 and a 4-year expiry date.
- The Company will issue a Prospectus to raise a minimum of \$4 million at \$0.02 per share.
- The Company will appoint Dr Darren Holden and Ms Lisa Wells as Non-Executive Directors, with Dr Catriona Wallace and Phillip Coulson resigning as Directors, and Mr Zane Lewis remaining as a Director.
- The transaction is subject to conditions, including shareholder approval and re-compliance with Chapters 1 and 2 of the Listing Rules.
- Post re-listing, the Company intends to change its name to “Odessa Minerals Limited”.

Zane Lewis, Director of Fargo said, *“This acquisition is a transformational shift for the Company. Odessa’s opportunistic consolidation of some of the most under-evaluated diamond fields of Western Australia now positions Fargo to take advantage of recent rising diamond prices.*

*“We project strong future demand for ethically sourced diamonds and this transaction hails a new era in diamond exploration for WA.”*

Fargo Enterprises Limited (ASX: FGO) (the **Company**) is pleased to advise that it has signed a binding Term Sheet (**Term Sheet**) with Odessa Minerals Limited (**Odessa**) and certain key shareholders of Odessa that are designated as a major shareholder (together, the **Major Shareholders** and each a **Major Shareholder**) whereby the Company will, on the satisfaction of various conditions precedent, acquire 100% of the issued capital in Odessa (**Transaction**).

Odessa has entered into agreements to acquire a 90% interest in the Aries Project from Jindalee Resources Limited, a 100% interest in the Calwynyardah Project from Volclays Pty Ltd, and 100% interest in the Aries Extension Project from Celsius Resources Limited, which are located in the Kimberley region of Western Australia and are considered prospective for diamonds.

Odessa is also the registered holder of 11 applications for exploration licences comprising the Ellendale, Liveringa, Mt Cedric, Mt Abbott, Mt Wynne Creek and White Rocks project areas, which are located in the Ellendale Diamond Field, the Calwynyardah Diamond Field and the Noonkanbah Diamond Field in the Kimberley region of Western Australia and are considered prospective for diamonds. (collectively, the **Projects**).

In connection with the Transaction, the Company intends to raise a minimum of \$4 million (before costs) at an issue price of \$0.02 per fully paid Ordinary share (**Share**) pursuant to a public offer under a Prospectus. Funds raised will primarily be spent on exploration activities on the Projects.

On completion of the Transaction (**Completion**), Odessa will become a wholly owned subsidiary of the Company, and the Company's main undertaking will be the exploration and development of the Projects. The Transaction is subject to satisfaction of various conditions precedent, including (amongst other things): shareholder approval and the Company satisfying the requirements of Chapters 1 and 2 of the ASX Listing Rules for reinstatement to official quotation of its securities.

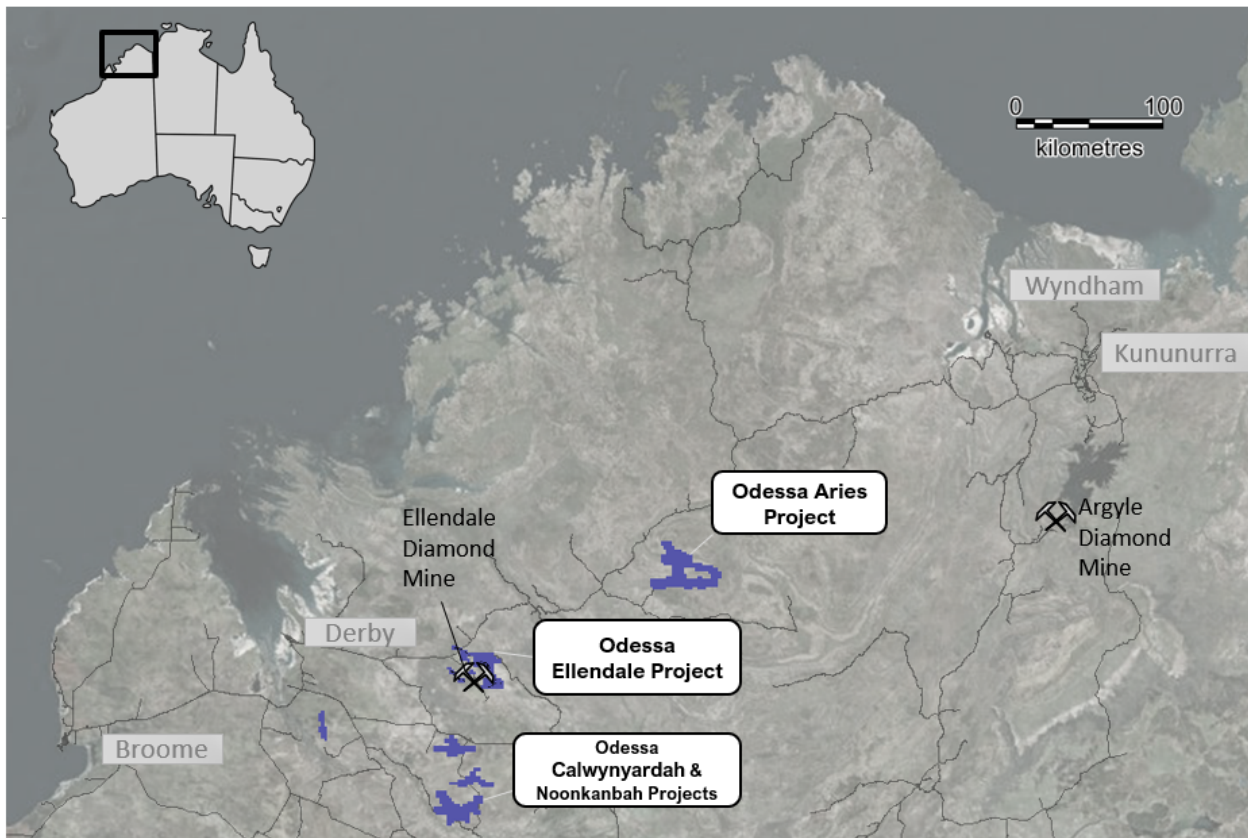


Figure 2: Project Location Map, Kimberley, Western Australia

## 1 Overview Of Odessa

### 1.1 General overview

Odessa is the registered holder of 11 applications for exploration licences comprising the Liveringa, Mt Cedric, Mt Abbott, Mt Wynne Creek, Ellendale and White Rocks project areas, which are located in the Ellendale Diamond Field, the Calwinyardah Diamond Field and the Noonkanbah Diamond Field in the Kimberley region of Western Australia and are considered prospective for diamonds.

Odessa has also entered into agreements to acquire a 90% interest in the Aries Project from Jindalee Resources Limited, a 100% interest in the Calwinyardah Project from Volclays Pty Ltd, and 100% interest in the Aries Extension Project from Celsius Resources Limited, all of which are also located in the Kimberley region of Western Australia and are considered prospective for diamonds.

### 1.2 Location

All of Odessa's projects are located in the West Kimberley region of Western Australia. Location maps in respect of the tenements comprising the Projects are shown in Figures 1, 2 and 3.

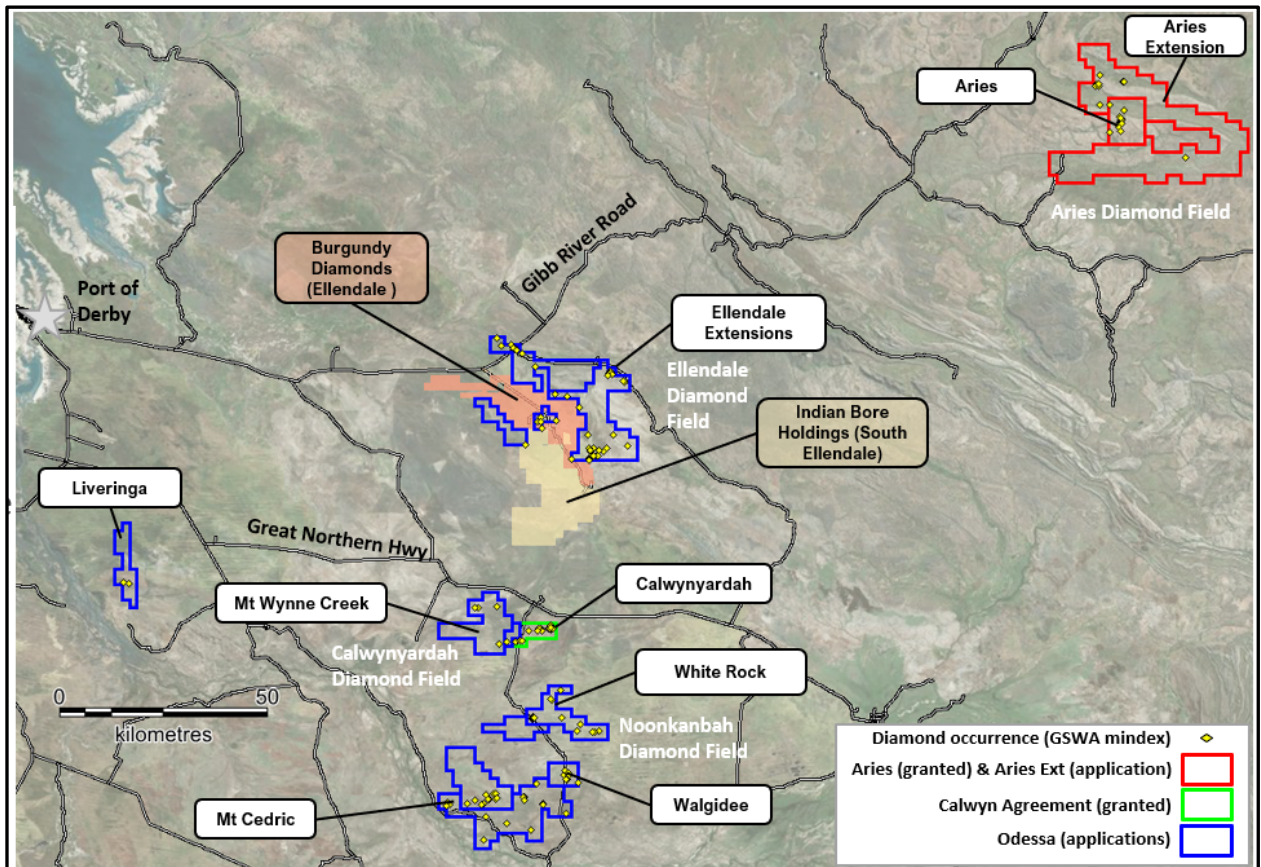


Figure 3: Project Location Map, with other significant diamond company's labelled

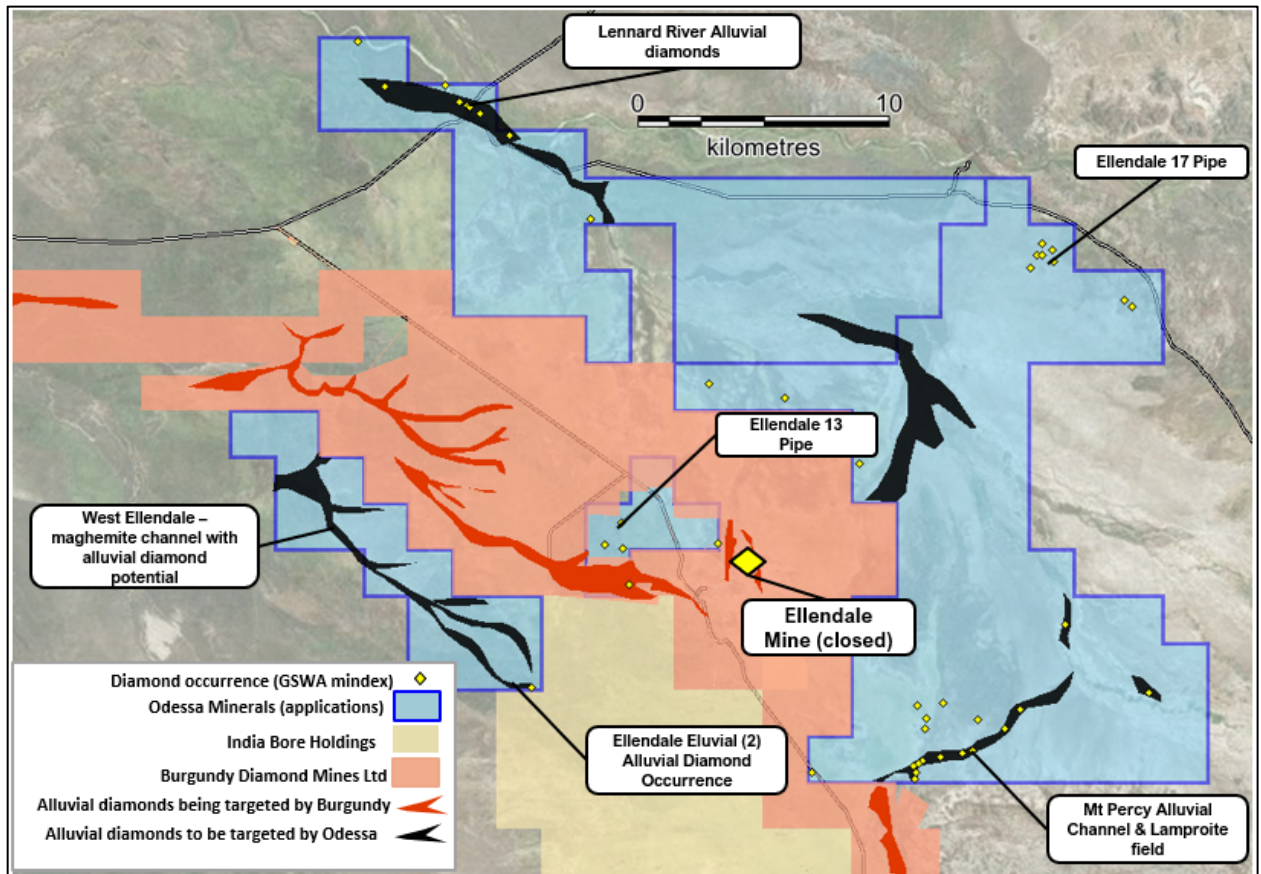


Figure 4: Odessa Minerals applications in Ellendale area, shown in proximity to Burgundy Diamond Mines Ltd projects (Burgundy held alluvial channel locations sourced from presentation published on [www.burgundy-diamonds.com/](http://www.burgundy-diamonds.com/)).

### 1.3 Aries Project

The Aries Project is the subject of an agreement between Odessa and Jindalee Resources Limited whereby Odessa will acquire one granted exploration licence E 80/5027. The Aries Extension Project is the subject of an agreement between Odessa and Celsius Resources Limited whereby Odessa has agreed to acquire exploration licence application E 80/5117 subject to various conditions being satisfied, including being granted.

The Aries diamond bearing kimberlites were discovered in 1986 by Freeport Ltd. The project has received several campaigns including drilling and bulk sampling. Whilst there are no declared Mineral Resource estimations, due diligence on this project conducted by consultants of the Company has indicated that the diamond bearing systems are extensive and have considerable potential for follow up work.

### 1.4 Calwynyardah Project

The Calwynyardah Project is the subject of an agreement between Odessa and Volclays Pty Ltd whereby Odessa will acquire one granted exploration licence E 04/2364. It contains the Calwynyardah and Laymans Bore diamond bearing lamproite pipe.

Previous work has been insufficient to accurately determine a mineral resource. In addition, Odessa holds three exploration licence applications over the Mt Wynne Creek and Liveringa areas, both of which have identified diamond bearing lamproites, with insufficient previous exploration to determine grades.

### 1.5 Ellendale Project

Odessa holds four mineral exploration licence applications surrounding the historic Ellendale Diamond Mine. The area has potential for both diamond bearing lamproite pipes and alluvial diamonds.

### 1.6 Noonkanbah Project

Odessa holds four mineral exploration licence applications covering multiple known diamond occurrences, including the Walgidee Lamproite - the largest known (by area) diamond bearing lamproite in Australia.

### 1.7 Proposed Activities

The Company proposes to undertake the following activities in respect of the Projects:

- (a) **Aries Project:** historic data integration, Mineral Resource assessment (geological modelling, diamond recovery test work (on kimberlite), microdiamond and macrodiamond testwork (for grade estimation) and the relocation and survey of old drill hole collars and bulk sample locations).
- (b) **Calwynyardah Project:** historic data integration, mapping, and selected bulk-sampling/drilling.
- (c) **Calwynyardah, Ellendale, Noonkanbah:** advancement of applications for exploration licences, including negotiations with the Traditional Owners, in respect of these Projects to grant status in the first and second years following re-admission of the Company.

## 2 Key Acquisition Terms

### 2.1 Terms Sheet

The Company has entered into a Terms Sheet with Odessa and the Major Shareholders of Odessa which contemplates the Company acquiring 100% of the issued capital in Odessa and the cancellation of outstanding options in Odessa in consideration for 196,322,384 fully paid Ordinary shares in the Company to be issued to the shareholders of Odessa (on a post Consolidation basis)

**(Consideration Shares)** and 98,161,192 unquoted options exercisable at \$0.04 on or before 4 years from the date of grant, to be granted to the option holders of Odessa (**Optionholders**) (**Consideration Options**).

Completion under the Terms Sheet is subject to satisfaction (or waiver) of certain key conditions precedent, including:

- (a) **(Due diligence on Odessa)** the Company completing due diligence on Odessa to its satisfaction;
- (b) **(Due diligence on the Company)** Odessa completing due diligence on the Company to its satisfaction;
- (c) **(Shareholder approval)** the Company obtaining all necessary Shareholder approvals required by the Corporations Act and the Listing Rules in relation to the Transaction, including any approvals required to re-comply with the admission and quotation requirements of ASX;
- (d) **(ASX Waivers)** the Company obtaining all necessary waivers and confirmations required by the Listing Rules in relation to the Transaction;
- (e) **(ASX re-compliance)** the Company receiving conditional approval from ASX confirming that ASX will grant re-quotation of its Shares on the Official list, on terms reasonably acceptable to the Company;
- (f) **(Public Offer)** the Company raising not less than \$4 million at an issue price of at least \$0.02 per Share;
- (g) **(Prospectus)** the Company lodging a full form prospectus with the ASIC to complete the Public Offer and to re-comply with Chapters 1 and 2 of the Listing Rules;
- (h) **(Prospectus)** Odessa being reasonably satisfied with the content of the Prospectus, the offer price under the Prospectus, the terms of all lead manager or underwriting agreements in respect of the Public Offer or the content of the Appendix 1A to be lodged with ASX within 7 days of lodging the Prospectus with ASIC;
- (i) **(Minority Shareholder Agreements)** Odessa procuring that each Minority Shareholder enters into a Minority Shareholder Agreement under which the Minority Shareholder will agree to transfer their Odessa shares to the Company and the Company agrees to accept the transfer of those Odessa shares and issue the proportion of Consideration Shares to them;
- (j) **(Option Cancellation Deeds)** each Odessa Optionholder entering into an Option Cancellation Deed under which the Odessa Optionholder agrees to the cancellation of their respective Odessa options and the Company agrees to issue their proportion of the Consideration Options to them; and
- (k) **(Odessa Material Contracts)**
  - (i) Completion of the asset sale agreement between Odessa, Jindalee Resources Limited and OD3 Aries Pty Ltd (a subsidiary of Odessa) (**Aries Agreement**).
  - (ii) Completion of the asset sale agreement between Odessa, Volclays and OD3 Wynne Pty Ltd (**Calwyn Agreement**).
  - (iii) The licence and tenement sale agreement between Celsius and OD3 (**Aries Extension Agreement**) and the mineral rights and cooperation agreement between Volclays, OD3 Wynne Pty Ltd and Odette Three Pty Ltd (**Mineral Rights and Cooperation Agreement**) not being terminated, rescinded or repudiated; becoming void or voidable, illegal, invalid, unenforceable or materially limited in its effect; or a circumstance exists which would entitle a party to terminate.

(l) **(Flamingo business)** The Company completing the disposal of its existing business.

If any of the conditions precedent set out above (other than the conditions precedent referred to in Sections 2.1(h), (j) and (k)) are not satisfied (or waived) by 30 November 2021 (or such later date as Odessa and the Company may agree), either the Company or Odessa may terminate the Terms Sheet.

On Completion, the Company will acquire 100% of the issued capital in Odessa in consideration for the issue of Consideration Shares and Consideration Options.

The Terms Sheet contains additional provisions, including warranties and indemnities in relation to the status and operations of Odessa which are considered standard for agreements of this kind. These warranties have been provided by Odessa and the Major Shareholders.

## 2.2 Public Offer

To assist the Company to re-comply with Chapters 1 and 2 of the Listing Rules and to support the proposed exploration program following Completion, the Company plans, subject to the approval of the Company's shareholders (**Shareholders**), to conduct a public offer under a full form Prospectus to raise a minimum of \$4 million (before costs) through an offer of a minimum of 200,000,000 Shares (**Public Offer Shares**) at an issue price of \$0.02 per Share (**Public Offer**).

At this stage, it is not intended that the Public Offer will be underwritten. The Company is in the process of appointing a Lead Manager to the Public Offer.

## 2.3 Transaction Resolutions

As noted above, completion under the Terms Sheet is conditional on the Company obtaining all necessary Shareholder approvals required by the Corporations Act and the Listing Rules in relation to the Transaction (**Transaction Resolutions**). A summary of the Transaction Resolutions is as follows:

- (a) the approval for the consolidation of the Company's issued capital on a 5 to 1 basis to comply with the requirements of ASX Guidance Note 12;
- (b) the Transaction, if successfully completed, will represent a significant change in the nature and scale of the Company's operations, for which Shareholder approval is required under Listing Rule 11.1.2;
- (c) the following Resolutions (on a post-Consolidation basis):
  - (i) the issue of 196,322,384 Consideration Shares to the Odessa shareholders (or their nominees) in consideration for the Company's acquisition of the Odessa shares held by the Odessa shareholders;
  - (ii) the issue of 98,161,192 unquoted Options to the Odessa Optionholders in consideration for the cancellation of the Odessa Optionholder's options;
  - (iii) the issue of up to 400,000,000 Shares under the Public Offer;
  - (iv) the issue of Public Offer Shares to related parties of the Company;
- (d) the appointment of the following persons as Directors of the Company:
  - (i) Dr Darren Holden; and
  - (ii) Ms Lisa Wells; and
- (e) approval for the change of name of the Company to 'Odessa Minerals Limited' or such other name as agreed between the Company and Odessa.

## 2.4 Proposed Board of Directors

- (a) **Proposed composition of Board of Directors**

On Completion, Dr Catriona Wallace and Mr Phillip Coulson will resign as a Directors, Mr Zane Lewis will remain as a Director (with Mr Lewis becoming Executive Chair), and two nominees of Odessa (being Dr Darren Holden and Ms Lisa Wells) will be appointed as Non-Executive Directors (subject to Shareholder approval).

(b) **Profiles of Proposed Directors**

Set out below is background information in relation to the skills and experience of the Proposed Directors.

(i) **Dr Darren Holden**

Dr Holden is a geologist and experienced director with over 25 years of worldwide experience in mineral discovery and mineral exploration technologies. Dr Holden holds a BSc (Hons) from The University of Western Australia, and a PhD from The University of Notre Dame Australia. He is currently a director of Aurumin Limited (ASX:AUN) and has previously been a director of ABM Resources, alternate director of Todd River Resources and director of Clancy Exploration. Currently Dr Holden runs GeoSpy Pty Ltd, a private mineral exploration advisory business.

Dr Holden will be considered an independent director.

(ii) **Ms Lisa Wells**

Lisa has 26 years' experience as an exploration geologist working across various commodities including diamonds, bulk commodities, gold and base metals. Lisa holds a BAppSc. (Geology) from Curtin University.

Ms Wells was a Senior Geologist at United Kimberley Diamonds where the Phillips Range diamond bulk sampling program at Aries South in the Central Kimberleys was undertaken. Ms Well has significant experience with environmental and permitting approvals as well as on-ground coordination of the trial mining operation, feasibility studies and project management in a range of commodities include diamonds, gold, phosphate and base metals.

Lisa is currently also a non-executive Director of Territory Minerals, a gold company with projects in North Queensland and will be considered an independent director.

**2.5 Pro forma balance sheet**

An indicative pro forma statement of financial position of the Company, as at 30 June 2021, based on the unaudited accounts of the Company and unaudited accounts of Odessa is set out in Schedule 1.

**2.6 Effect on capital structure**

The proposed capital structure of the Company following Completion is set out below:

<b>Shares</b>	<b>Minimum Subscription</b>	<b>%</b>
<i>Existing Shares</i>	1,185,756,703	-
<b>Post-Consolidation Shares</b>	237,151,341	37.4%
<b>Consideration Shares</b>	196,322,384	31.0%
<b>Public Offer<sup>1</sup></b>	200,000,000	31.6%
<b>Total</b>	<b>633,473,725</b>	<b>100.0%</b>



<b>Options</b>	<b>Number of Options</b>	<b>%</b>
<i>Existing Options</i>	17,677,491	-
Post-Consolidation Options <sup>1</sup>	3,535,498	3.5%
Consideration Options <sup>2</sup>	98,161,192	96.5%
<b>Total</b>	<b>101,696,690</b>	<b>100.0%</b>

**Notes:**

1. Comprising (on a post-Consolidation basis):
  - (a) 984,590 Unquoted Options exercisable at \$0.145 on or before 3 November 2021;
  - (b) 823,073 Unquoted Options exercisable at \$0.20 on or before 22 May 2022;
  - (c) 130,000 Unquoted Options exercisable at \$0.20 on or before 22 March 2023;
  - (d) 797,836 Unquoted Options exercisable at \$0.04 on or before 22 February 2022;
  - (e) 800,000 Unquoted Options exercisable at \$0.035 on or before 11 July 2022.
2. Unquoted Options exercisable at \$0.04 each on or before 4 years from the date of issue, to be issued to the Odessa Optionholders:

## 2.7 Proposed use of funds

The Company intends to use the funds raised under the Public Offer, together with the Company's estimated existing cash reserves post-Transaction as follows:

<b>Minimum Subscription</b>	<b>Year 1 (\$)</b>	<b>Year 2 (\$)</b>	<b>Total (\$)</b>
Exploration expenditure – Aries Project	870,000	1,170,000	2,040,000
Exploration expenditure – Calwynyardah/other tenements granted	280,000	440,000	720,000
General administration fees and working capital <sup>1</sup>	653,002	708,990	1,361,992
Estimated expenses of the Public Offer	466,008	-	466,008
<b>Total</b>	<b>2,269,010</b>	<b>2,318,990</b>	<b>4,588,000</b>

**Notes**

1. Working capital includes the general costs associated with the management and operation of the Company including administration expenses, rent and other associated costs. Working capital also includes surplus funds.
2. Expenses of the Public Offer including lead manager, legal, accounting, independent geologist, ASIC, ASX and share registry fees.

The above table is a statement of the Board's current intentions as at the date of this announcement. Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors including:

- (a) the risk factors outlined in Section 3; and
- (b) the outcome of operational activities, regulatory developments and market and general economic conditions.

In light of this, the Board reserves the right to alter the way the funds are applied.

## 2.8 Indicative timetable

Description	Indicative timing
Despatch of Notice of Meeting	7 October 2021
Lodgement of Prospectus with ASIC	14 October 2021
Opening of the Public Offer	22 October 2021
General Meeting held to approve the Transaction	12 November 2021
Closing of Public Offer	12 November 2021
Issue of securities under the Public Offer	19 November 2021
Reinstatement of securities to trading on ASX	26 November 2021

This timetable is a proposed indicative timetable only and the Board reserves the right to vary the dates in accordance with the Listing Rules.

## 2.9 ASX Guidance Note 12 - Annexure A Disclosure

The Company provides the following disclosure in accordance with ASX Guidance Note 12 - Annexure A, to the extent that the information has not been provided elsewhere in this announcement.

### (a) Issues in the previous 6 months

The Company confirms that the Company has not issued any Securities in the 6 months preceding the date of this announcement.

In the 6 months preceding the date of this announcement and to the date of Transaction completion, Odessa has issued or will issue a total of 24,540,297 fully paid ordinary shares in Odessa as follows:

- (i) 16,140,297 shares on 24 May 2021 at an issue price of \$0.0005 each to raise \$8,070;
- (ii) 1,500,000 shares on 24 May 2021 at an issue price of \$0.001 each to raise \$1,500; and
- (iii) 5,400,000 shares issued on 27 July 2021 at an issue price of \$0.05 each to raise \$270,000;
- (iv) 1,000,000 shares issued to Jindalee Resources Limited pursuant to the Aries Agreement; and
- (v) 500,000 shares issued to Volclays Pty Ltd pursuant to the Calwyn Agreement.

Funds raised from the above issuances (where applicable) have been expended by Odessa on working capital. None of the issuances above were underwritten.

### (b) Proposed issues of Securities

Prior to re-admission, the Company will undertake the issues of Securities set out in Section 2.2. Other than as outlined above, Odessa does not propose to issue any further securities prior to the Company's re-admission.

### (c) No change in control

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

### (d) Principal activities and jurisdictions

The Company's activities following Completion will be conducted in Australia.

(e) **Odessa Accounts**

Odessa is presently in the process of auditing its accounts for the financial year ended 30 June 2021. Further information is anticipated to be provided in the Company's Notice of Meeting and Prospectus.

(f) **Regulatory Approvals and Waivers**

The Company will apply for the following waivers/confirmations:

- (i) a waiver of Listing Rule 1.1 Condition 12 to permit the Company to issue the Consideration Options with an exercise price below \$0.20 each.
- (ii) a waiver of Listing Rule 2.1 condition 2 to permit the Company to issue Shares at an issue price of \$0.02 pursuant to the Public Offer; and
- (iii) a waiver of Listing Rule 10.13.5 to permit the Notice not to state that Shares to be issued to the related party participants pursuant to the Public Offer will be issued no later than one month after the date of the meeting.

The Company must obtain Shareholder approval for the Transaction Resolutions. No further regulatory approvals are required.

(g) **Appropriate Enquiries**

The Company has undertaken appropriate enquiries into the assets and liabilities, financial position and performance, profits and losses and prospects of Odessa to be satisfied that the Transaction is in the interests of the Company and its security holders.

As part of its enquiries, as at the date of this announcement, the Company has almost completed legal and financial due diligence of Odessa's operations. The Company notes that the Terms Sheet contains a condition precedent that the Company completes due diligence to its satisfaction. The Company has not yet satisfied or waived this condition precedent, but intends to complete due diligence prior to lodging the Prospectus and seeking reinstatement of its Shares to official quotation.

The Directors confirm that this announcement includes all material and accessible information available to the Directors as at the date of this announcement.

(h) **Reinstatement on ASX**

Listing Rule 11.1.2 applies to the Transaction. The Transaction requires Shareholder approval under the Listing Rules and therefore may not proceed if that approval is not forthcoming.

The Company will seek Shareholder approval at a meeting of Shareholders to be held in due course. If such Shareholder approval is not received, the Transaction will not progress. The Company is required to re-comply with ASX's requirements for admission and quotation and therefore the Transaction may not proceed if those requirements are not met.

ASX has an absolute discretion in deciding whether or not to re-admit the entity to the official list and quote its securities and therefore the Transaction may not proceed if ASX exercises that discretion. Investors should take account of these uncertainties in deciding whether or not to buy the Company's securities, which are currently suspended from trading.

(i) **ASX takes no responsibility**

ASX takes no responsibility for the contents of this announcement.

(j) **Listing Rule 3.1**

The Directors confirm that the Company is in compliance with its continuous disclosure obligations under Listing Rule 3.1. The Company confirms that this announcement has been authorised and approved by its Board.

## **2.10 Details of vendors**

Pursuant to the Transaction, the Company will acquire 100% of the shares of Odessa held by Odessa's 38 shareholders. On completion of the Transaction, it is expected that Odessa shareholders will hold approximately 31% of the Company. No person will acquire control or voting power of 20% or more in the Company as a result of the Transaction.

The vendors of Odessa comprise five major shareholders holding approximately 60% of the issued share capital of Odessa and 33 minority shareholders. The major shareholders are as follows:

- (a) Seamist Enterprises Pty Ltd;
- (b) Geobase Australia Pty Ltd;
- (c) Leigh Alexander Sinclair (spouse of incoming director Dr Darren Holden) as trustee of the Holden Sinclair Family Trust
- (d) Milford Resources Pty Ltd; and
- (e) Odette Geoscience Pty Ltd.

Other than Leigh Sinclair, none of the Odessa shareholders are a related party of the Company. Listing Rule 10.1 approval is not required for the acquisition as Ms Sinclair is related only by reason of the Transaction, by virtue of being the spouse of proposed incoming director Dr Darren Holden.

## **3 Key risks and dependencies**

This Section identifies the key dependencies and areas of risk associated with the Transaction but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed.

### **(a) Re-Quotation of Shares on ASX**

The Transaction constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List. There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will likely remain in suspension and not be able to be traded on the ASX until such time as those requirements can be met, if at all.

### **(b) Completion, counterparty and contractual risk**

There is a risk that the conditions precedent for completion of the Transaction will not be fulfilled and, in turn, that completion of the Transaction will not occur. The ability of the Company to achieve its stated objectives will depend on the performance by the Odessa Shareholders of their obligations under the Terms Sheet and Minority Shareholder Agreements (as applicable).

### **(c) Limited operational history**

Odessa has limited operational history on which to evaluate its business and prospects. The prospects of the Company must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stages of their development, particularly in the mineral exploration sector, which has a high level of inherent risk and uncertainty.

### **(d) Future capital requirements**

The Company does not have substantial operating revenue and, post-Transaction, is unlikely to generate any operating revenue unless and until a Project or Projects are successfully developed and production commences. The future capital requirements of the Company will depend on many factors including its business development activities.

(e) **Grant risk for Exploration Licence Applications**

Various tenements held by Odessa are applications for an exploration licence which must be granted to Odessa before it may acquire 100% legal and beneficial interest in those tenements. Whilst the Company has no reason to believe these applications will not be granted, there is a risk that the applications may not be granted or only granted on conditions unacceptable to the Company.

(f) **Tenement title**

Odessa's title to tenements (and if applicable, once granted) will generally require the Company to continue to satisfy its expenditure or work commitments. This cannot be guaranteed. The Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise.

(g) **Exploration and development risks**

Mineral exploration and development is a high-risk undertaking. There can be no assurance that exploration of the Projects or any other exploration properties that may be acquired in the future will result in the discovery of an economic Mineral Resource.

(h) **Mineral Resource estimation risks**

At present, none of the Projects host a Mineral Resource or Ore Reserve estimate. Whilst the Company intends to undertake exploration activities with the aim of defining a Mineral Resource, no assurances can be given that the exploration will result in the determination of a Mineral Resource.

#### **4 Board Intention if the Transaction does not proceed**

If the Transaction Resolutions are not passed, or if the Company is otherwise unable to proceed with the Transaction, the Company will pursue other acquisitions across all industries with a view to re-complying with the admission and quotation requirements of Chapters 1 and 2 of the ASX Listing Rules in order to seek reinstatement of the Company's securities.

This announcement is approved for release by the Board of the Company.



**Schedule 1 - Pro Forma Balance Sheet (unaudited)**

	31-Dec-20	Subsequent events	30-Jun-21	Capital Raising (Min \$4m)	Pro-forma Max
	\$		\$		
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	923,594	-274,075	649,519	3,760,000	4,409,519
Trade and other receivables	29,040	-26,945	2,095		2,095
Other current assets	16,887	-16,887	0		0
Asset Held for Sale	130,115	136,420	266,535		266,535
<b>TOTAL CURRENT ASSETS</b>	<b>1,099,636</b>	<b>-</b>	<b>181,487</b>	<b>3,760,000</b>	<b>4,678,149</b>
<b>NON-CURRENT ASSETS</b>					
Plant and equipment	10,963	0	10,963		10,963
<b>TOTAL NON-CURRENT ASSETS</b>	<b>10,963</b>	<b>-</b>	<b>10,963</b>	<b>-</b>	<b>10,963</b>
<b>TOTAL ASSETS</b>	<b>1,110,599</b>	<b>-</b>	<b>181,487</b>	<b>3,760,000</b>	<b>4,689,112</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	51,646	-	24,466	27,180	27,180
Liabilities Classified as held for sale	51,694	-	51,694	0	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>103,340</b>	<b>-</b>	<b>76,160</b>	<b>-</b>	<b>27,180</b>
<b>TOTAL LIABILITIES</b>	<b>103,340</b>	<b>-</b>	<b>76,160</b>	<b>-</b>	<b>27,180</b>
<b>NET ASSETS/(DEFICIENCY)</b>	<b>1,007,259</b>	<b>-</b>	<b>105,327</b>	<b>3,760,000</b>	<b>4,661,932</b>
<b>EQUITY</b>					
Issued capital	34,997,148		34,997,148	3,760,000	38,757,148
Reserves	282,007	28,696	310,703		310,703
Accumulated losses	(34,271,895)	(134,024)	-34,405,919		-34,405,919
<b>TOTAL EQUITY</b>	<b>1,007,260</b>	<b>-</b>	<b>105,328</b>	<b>3,760,000</b>	<b>4,661,932</b>