

FRONTIER RESOURCES LIMITED

ACN 095 684 389

NON-RENOUNCEABLE ENTITLEMENT OFFER

For a non-renounceable pro rata offer to Eligible Shareholders of 73,637,743 New Shares at an issue price of \$0.013 per New Share on the basis of 1 (one) New Share for every 8 (eight) Existing Shares held to raise approximately \$957,291 before issue costs

UNDERWRITER

CPS Capital Group Pty Ltd (ACN 088 055 636) (AFSL 294848)

Important Notice

If you are an Eligible Shareholder, this is an important document that requires your immediate attention.

This Offer Document is not a prospectus and it does not contain all of the information that an investor may require in order to make an informed decision regarding the New Shares offered under this document.

This Offer Document should be read in its entirety before deciding whether to apply for the New Shares. If after reading this Offer Document you have any questions about the New Shares being offered under this Offer Document, then you should consult your professional adviser.

The New Shares offered by this Offer Document should be considered speculative.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Important Notes

This Offer Document is dated 27 August 2021. The information contained in this Offer Document is important and should be read in its entirety prior to making an investment decision. If you do not fully understand this Offer Document or are in any doubt as to how to deal with it, you should consult your professional adviser. In particular, it is important that you consider the risk factors (see section 4 of this Offer Document) that could affect the performance of the Company before making an investment decision.

This Offer Document has been prepared in accordance with section 708AA of the Corporations Act as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*. In broad terms, section 708AA of the Corporations Act provides that rights issues by certain entities do not require disclosure to investors under a prospectus or other disclosure document. Accordingly, this Offer Document does not contain all of the information which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required under Australian law or any other law to be disclosed in a prospectus. Eligible Shareholders should rely on their own knowledge of the Company, refer to disclosures made by the Company to ASX and consult their professional advisers before deciding whether to accept the Entitlement Offer. Announcements made by the Company to ASX are available from the website of the ASX. The information in this Offer Document does not constitute a securities recommendation or financial product advice.

Before applying for New Shares you should consider whether such an investment, and the information contained in this Offer Document, is appropriate to your particular needs, and considering your individual risk profile for speculative investments, investment objectives and individual financial circumstances. You should consult your professional adviser without delay.

By returning an Application Form or lodging an Application Form with your stockbroker or otherwise arranging for payment for your New Shares through BPAY® in accordance with the instructions on the Application Form, you acknowledge that you have received and read this Offer Document, you have acted in accordance with the terms of the Entitlement Offer detailed in this Offer Document and you agree to all of the terms and conditions as detailed in this Offer Document. Cooling-off rights do not apply to an application for New Shares and you cannot withdraw your application once it has been accepted.

Overseas Shareholders

This Offer Document does not, and is not intended to, constitute an offer of New Shares in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Offer Document.

The Offer is not being extended, and New Shares will not be issued, to Shareholders with a registered address which is outside Australia and New Zealand. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) having regard to the number of overseas Shareholders, the number and value of New Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

No action has been taken to permit the offer of New Shares to existing Shareholders in any jurisdiction other than Australia and New Zealand. This Offer Document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to Shareholders with a registered address in New Zealand, to the extent permitted below.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

New Zealand

The New Shares 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 Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document 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.

Future performance and forward-looking statements

Neither the Company nor any other person warrants or guarantees the future performance of the New Shares or any return on any investment made pursuant to the Entitlement Offer. Investors should note that past share price performance of the Company provides no guidance to its future share price performance.

Any forward-looking statements in this Offer Document are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its Directors that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward-looking statements in this Offer Document. Investors should specifically refer to the "Key Risks" in section 4 of this Offer Document. That section refers to some but not all of the matters that may cause actual results to differ from the position stated in any forward-looking statement in this Offer Document.

Disclaimer

This Offer Document has been prepared by the Company. No party other than the Company has authorised or caused the issue of this Offer Document or takes responsibility for, or makes any statements, representations or undertakings in, this Offer Document. Neither the ASX nor ASIC takes any responsibility for the contents of this Offer Document.

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

Neither the Underwriter, nor any of their respective affiliates, related bodies corporate, nor their respective directors, employees, officers, representatives, agents, partners, consultants and advisers (collectively the **Underwriter Parties**), have permitted or caused the issue, submission or operation of this Offer Document or authorised, approved or verified any forward-looking statements or any other statements. To the maximum extent permitted by law, the Underwriter and each of the Underwriter Parties expressly disclaim all liabilities (including, without limitation, any liability arising from fault or negligence on the part of any person) and any direct, indirect, consequential or contingent loss or damage whatsoever arising from, make no representations regarding, and take no responsibility for, any part of this Offer Document and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Offer Document.

The Underwriter Parties make no recommendation (either collectively or individually) as to whether you or your related parties should participate in the Offer (including participation in the Shortfall Offer) nor do they make any representations or warranties, express or implied, to you concerning the Offer or any such information, and by returning an Application Form or otherwise paying for your New Shares through BPAY® in accordance with the instructions on the Application Form, you represent, warrant and agree that you have not relied on any statement made by the Underwriter Parties in relation to the New Shares or the Offer generally.

The Offer is being undertaken by the Company and the Underwriter has no role, involvement or responsibility for the Offer.

Currency

All financial amounts contained in this Offer Document are expressed as Australian dollars unless otherwise stated.

Rounding

Any discrepancies between totals and sums and components in tables contained in this Offer Document are due to rounding.

Time

All references to time in this Offer Document are references to Perth, Australia time, unless otherwise stated.

Glossary

Defined terms and abbreviations used in this Offer Document are detailed in the glossary of terms in section 6 of this Offer Document.

Offer Document intended to be read in conjunction with publicly available information

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company that 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.

All announcements made by the Company are available from its website www.frontierresources.net.au or the ASX website www.asx.com.au.

Privacy

The Company and the Share Registry have already collected certain personal information from you as a Shareholder. If you complete an Application Form, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, 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 Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Share Registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

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 Form, the Company may not be able to accept or process your Application.

Enquiries

If, after reading this document, you have any questions about the Entitlement Offer, please consult your legal, financial, taxation or other professional adviser. Shareholders may also contact Matthew Foy, Company Secretary at matt.foy@ftcorporate.com.au

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LETTER TO SHAREHOLDERS

Dear Shareholder,

On behalf of the Board of Frontier Resources Limited (ACN 095 684 389) (**Company**), I am pleased to invite you to participate in the Company's 1 (one) for 8 (eight) non-renounceable entitlement offer at an offer price of \$0.013 per New Share (**Entitlement Offer**).

The Entitlement Offer will allow you to have the opportunity to purchase one New Share at the Offer Price of \$0.013 per New Share for every eight existing ordinary shares (**Existing Shares**) you owned at 5.00pm (WST) on 1 September 2021 (**Record Date**).

New Shares issued under the Entitlement Offer will rank equally with all fully paid ordinary shares of the Company already on issue.

Eligible Shareholders who wish to take up their entitlement under the Entitlement Offer in full may also apply for additional New Shares in excess of their pro rata entitlement via a Shortfall Offer¹. Please refer to section 3.2 of this Offer Document for further details. The Board, in conjunction with the Underwriter, reserves the right to allocate New Shares under the Shortfall Offer in their absolute discretion.

The proceeds of the Entitlement Offer will be used to advance exploration and development work at the Tolukuma Project in Papua New Guinea and the Murraydium Project in South Australia, general working capital purposes, as well as for business development purposes.

Your Entitlement under the Entitlement Offer is set out in the accompanying Application Form. The Closing Date for acceptances and payment is 5pm (WST) on 15 September 2021 (Closing Date), unless extended.

To participate, you need to ensure that your completed Application Form, together with application monies (**Application Monies**), is received by no later than the 5pm (WST) on the Closing Date OR that you have paid your Application Monies via BPAY® pursuant to the instructions that are set out on the Application Form by no later than 5pm (WST) on the Closing Date.

You should consult your stockbroker, accountant or other independent professional adviser to evaluate whether or not to participate in the Entitlement Offer. You should also refer to the "Key Risk Factors" included in section 4.

If you have any queries regarding the Entitlement Offer, please email Matthew Foy, Company Secretary, at matt.foy@ftcorporate.com.au or alternatively contact the Company by calling (08) 9486 4036 (within Australia) or +61 08 9486 4036 (outside of Australia) at any time between 8.30am and 5.00pm (AEST) Monday to Friday during the Entitlement Offer Period.

On behalf of the Board I am pleased to recommend the Entitlement Offer to you and thank you for your continued support.



Alec Pismiris
Non-Executive Chairman
Frontier Resources Limited

¹ Provided that the issue of those New Shares will not result in a breach of the Corporations Act, ASX Listing Rules or other applicable law.

SUMMARY OF CAPITAL RAISING

Offer Ratio	1 (one) New Share for every 8 (eight) Existing Shares held on the Record Date
Offer Price	\$0.013 per New Share
Size	73,637,743 New Shares
Gross proceeds	Approximately \$957,291 (before costs)

KEY DATES*

Event	Date
Announcement of Entitlement Offer and lodgement of this Offer Document with ASX	27 August 2021
Release section 708AA(2)(f) Cleansing Notice to ASX	27 August 2021
Ex-Date for Entitlement Offer	31 August 2021
Record Date to determine Entitlement to New Shares	1 September 2021 (5pm WST)
Dispatch of Offer Document and Application Form and announcement that dispatch completed.	6 September 2021
Entitlement Offer opens	6 September 2021
Last date by which the Company can extend the Entitlement Offer closing date	10 September 2021
Entitlement Offer closes	15 September 2021 (5pm WST)
New Shares under Entitlement Offer quoted on a deferred settlement basis	16 September 2021
Announcement of Entitlement Offer shortfall	17 September 2021
Issue of New Shares under Entitlement Offer and lodging an Appendix 2A with ASX	22 September 2021
Trading of New Shares issued under the Entitlement Offer on a normal basis	23 September 2021

*

These dates are indicative only and subject to change. The Company, in conjunction with the Underwriter reserves the right, subject to the Corporations Act and the ASX Listing Rules, to vary the above dates. In particular, the Company reserves the right to extend the closing date of the Entitlement Offer, to accept late applications either generally or in particular cases or to withdraw the Entitlement Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX.

1 DETAILS OF THE OFFER

1.1 Entitlement Offer

The Entitlement Offer is an offer of 73,637,743 New Shares at the Offer Price of \$0.013 per New Share to raise up to approximately \$957,291 before issue costs.

All Eligible Shareholders are entitled to subscribe for 1 (one) New Share for every 8 (eight) Existing Share held at 5pm (WST) on 1 September 2021 (**Record Date**). New Shares will be issued on a fully paid basis and will rank equally with existing Shares on issue.

The number of New Shares to which you are entitled (your **Entitlement**) is shown on the accompanying Application Form.

Eligible Shareholders who wish to take up their Entitlement in full may also apply for additional New Shares in excess of their pro rata entitlement via a Shortfall Offer². To participate in the Shortfall Offer shareholders must apply at the same time as they apply for their Entitlements. Applications under the Shortfall Offer will only be satisfied to the extent there is a shortfall under the Entitlement Offer and will be subject to the terms and conditions that are outlined in section 1.6. The Board, in conjunction with the Underwriter, reserves the right to allocate New Shares under the Shortfall Offer in their absolute discretion.

Certain terms and abbreviations in this Offer Document are defined in the glossary of terms in section 6.

1.2 No Minimum Subscription

There is no minimum subscription for the Entitlement Offer.

1.3 Entitlement to participate in the Entitlement Offer

Eligible Shareholders who are on the Company's Share Register at 5pm (WST) on the Record Date are eligible to participate in the Entitlement Offer.

An Application Form setting out your Entitlement to New Shares accompanies this Offer Document.

1.4 Acceptances

This Offer may be accepted in whole or in part prior to 5pm (WST) on 15 September 2021 subject to the rights of the Company to extend the Entitlement Offer Period.

Instructions for accepting your Entitlement are set out in section 3 and on the Application Form which accompanies this Offer Document.

1.5 No Trading of Entitlements

The Entitlement Offer is non-renounceable. This means that the Entitlements of Eligible Shareholders to subscribe for New Shares are not transferable and there will be no trading of Entitlements on ASX. Eligible Shareholders who choose not to take up their Entitlements will receive no benefit and their shareholding in the Company will be diluted as a result.

1.6 Shortfall Offer

ASX Listing Rule 7.11.4 and section 708AA(13)(a) of the Corporations Act (as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*) permit the Company to make an additional offer of the New Shares that may be comprised in any Shortfall.

Accordingly, Eligible Shareholders are also able to participate in a further discretionary offer of New Shares, being the New Shares that have been initially offered to Eligible Shareholders under the Entitlement Offer (**Shortfall Offer**). It is a condition of participating in the Shortfall Offer that the New Shares being offered may only be issued to a successful applicant where an offer of the New Shares has first been made to, but not accepted by, another Eligible Shareholder under the Entitlement Offer.

In addition:

² Provided that the issue of those New Shares will not result in a breach of the Corporations Act, ASX Listing Rules or other applicable law.

- (a) the Shortfall Offer is only made available to persons to whom offers were made under the Entitlement Offer (i.e. to Eligible Shareholders);
- (b) there is no guarantee that any Application in the Shortfall Offer will be successful and the Directors, in conjunction with the Underwriter, reserve the right to allocate and satisfy Applications received under the Shortfall Offer at their sole discretion;
- (c) the Shortfall Offer has the same Closing Date as the Entitlement Offer; and
- (d) the issue price of New Shares under the Shortfall Offer is the same price as the New Shares offered under the Entitlement Offer.

If you wish to subscribe for New Shares in addition to your Entitlement then you should nominate the maximum number of New Shares you wish to subscribe for on the Application Form and make corresponding payment for your full Entitlement plus the additional New Shares.

The Directors, in conjunction with the Underwriter, reserve their right to allot and issue New Shares under the Shortfall Offer at their discretion within three months of the Closing Date, having regard to the circumstances as at the close of the Entitlement Offer. Any scale back of applications for New Shares under the Shortfall Offer will be at the Company's discretion, in conjunction with the Underwriter, and their decision on the number of New Shares to be allocated to Eligible Shareholders will be final. No New Shares will be issued under the Shortfall Offer to a Shareholder which will result in them increasing their voting power in the Company above 20%. The Company, the Underwriter Parties and their respective advisers disclaim any duty or liability (including for negligence) in respect of the exercise of that discretion to the maximum extent permitted by law.

The practical effect of the Shortfall Offer is that an Eligible Shareholder can potentially increase its relevant interest in the Company, but no Eligible Shareholder can increase its relevant interest to more than 20% by way of application for additional New Shares under the Shortfall Offer.

It is an express term of the Entitlement Offer that applicants for additional New Shares under the Shortfall Offer will be bound to accept a lesser number of additional New Shares allocated to them than applied for, if so allocated.

Persons who are unsuccessful in their Application under the Shortfall Offer or whose Application is only part accepted will have their excess Application Monies (without interest) returned by cheque within five days of the Closing Date, without interest. Please note it is not practical to refund amounts of less than \$2.00 and any refunds owing for this amount will be retained by the Company.

Any New Shares remaining following allocation under the Shortfall Offer will then be allocated to the Underwriter in accordance with the Underwriting Agreement.

1.7 Underwriting

The Entitlement Offer is fully underwritten by CPS Capital Group Pty Ltd (ACN 088 055 636) (**Underwriter**). Pursuant to the Underwriting Agreement, the Underwriter has agreed to underwrite the New Shares remaining following allocation under the Entitlement Offer and the Shortfall Offer at an issue price of \$0.013 each.

On completion of the Entitlement Offer, the Company will pay the Underwriter a fee of 6% of the underwritten amount in addition to the issue of 10,000,000 options at an issue price of \$0.00001 each with an exercise price of \$0.02 each and expiring on the date that is 3 years from their date of issue.

A summary of the Underwriting Agreement is set out in section 5.5 of this Offer Document.

For information on the Underwriter's disclaimer in relation to this Offer Document, please refer to the Important Notices section of this Offer Document under the heading "Disclaimer".

1.8 Directors' interests

Each Director's interest in the securities of the Company as at the date of this Offer Document and their Entitlement is detailed in the table below.

Director	Shares	Entitlement
Alec Pismiris, Non-Executive Chairman	9,000,000	1,125,000
Peter Swiridiuk, Non-Executive Director	Nil	Nil
Jessica O'Neil, Non-Executive Director	Nil	Nil

Notes:

1. Alec Pismiris has indicated his intention to take up his full entitlement under this Entitlement Offer.
2. Alec Pismiris and Peter Swiridiuk intend to participate in the Director Placement, subject to shareholder approval, for the subscription of 3,800,000 and 770,000 Shares respectively. For more information see section 5.6.

1.9 Details of substantial holders

Based on publicly available information as at the date of this Offer Document, the persons who (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below. In the event that the substantial holders fully subscribe under the Entitlement Offer and do not apply under the Shortfall Offer, their interest in the Company will not change.

Substantial holder	Holder's current votes ¹	Voting power (percent) ²
Zero Nominees Pty Ltd	56,880,000	8.73%
Horley Pty Ltd	55,000,000	8.44%

Notes:

1. As at 4 September 2020.
2. The voting power figures are based on the assumption of the Company completing the issue of the Consideration Shares (57,692,307 Shares), the Placement Shares (100 million Shares) and the Director Placement (4,570,000 Shares). See section 5.6 for more information.

1.10 Allotment and Application Money

Application Money will be held in a subscription account on trust until allotment of the New Shares. If the Application Money is refundable, it will be refunded as soon as reasonably practicable. Interest earned on the Application Money will be for the benefit of the Company and will be retained by the Company irrespective of whether New Shares are issued.

No allotment of the New Shares will occur until ASX grants permission to quote the New Shares.

The New Shares are expected to be allotted by no later than 5pm (WST) on 22 September 2021. Statements of holding of New Shares will be mailed after allotment occurs.

1.11 Rights and Liabilities attaching to the New Shares

The New Shares will, once issued, rank equally with Existing Shares. The rights and liabilities attaching to New Shares are set out in the Company's constitution.

1.12 ASX Quotation

Application for admission of the New Shares to official quotation on ASX has been made.

Subject to approval being granted by ASX, it is expected that quotation and trading of New Shares will commence on a deferred settlement basis on 16 September 2021.

The fact that ASX may agree to grant official quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares.

1.13 Issue Outside Eligible Jurisdictions

This Offer Document and accompanying Application Form does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would not be lawful to make the Entitlement Offer. No action has been taken to register or qualify the Shares or the Entitlement Offer or otherwise to permit an offering of the Shares in any jurisdiction outside Australia and New Zealand.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

1.14 Ineligible Shareholders

The Offer is only being extended to Eligible Shareholders in Australia and New Zealand because of the small number of and cost of extending the Offer to Shareholders other than Eligible Shareholders. The Offer Document is sent to those Shareholders for information only.

Recipients may not send or otherwise distribute this Offer Document or the Application Form to any person outside Australia and New Zealand (other than to Eligible Shareholders).

It is the responsibility of any Shareholder who submits an Application Form to obtain all necessary approvals for the allotment and issue of the New Shares under this Offer. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant to the Company that there has been no breach of such laws and that all relevant approvals have been obtained.

1.15 Rights issue exception is not available

No nominee has been appointed for excluded foreign Shareholders under section 615 of the Corporations Act and, as such, Eligible Shareholders will not be able to rely on the exception for rights issues in item 10 of section 611 of the Corporations Act. Accordingly, when an Eligible Shareholder subscribes for New Shares under the Entitlement Offer, it must have regard to section 606 of the Corporations Act.

Eligible Shareholders who may be at risk of exceeding the 20% voting power threshold in section 606 of the Corporations Act as a result of application for New Shares under the Entitlement Offer should seek professional advice before completing and returning the Application Form.

Details of the effect of the Entitlement Offer on the control of the Company are set out in section 2.3.

1.16 CHESS

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**). ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of New Shares issued under the Entitlement Offer, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Shares issued to you under the Entitlement Offer and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

1.17 Notice to nominees and custodians

Nominees and custodians that hold Existing Shares should note that the Entitlement Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws.

1.18 Withdrawal

The Directors may at any time decide to withdraw this Offer Document and the Offers, in which case, all Application Monies will be returned without interest in accordance with the Corporations Act.

1.19 Cleansing Statement

The Company lodged a Cleansing Statement with ASX on 27 August 2021. The Cleansing Statement may be reviewed on the websites of the Company and ASX.

1.20 Enquiries

Any queries regarding the Entitlement Offer should be directed to Matthew Foy, Company Secretary, at matt.foy@ftcorporate.com.au.

Any queries regarding the Application Form should be directed to the Company between 8.30am and 7.30pm (AEST) on Business Days by calling (08) 9486 4036 (within Australia) or +61 08 9486 4036 (outside of Australia).

You can also contact your stockbroker or professional adviser with any queries in relation to the Entitlement Offer.

This Offer Document is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. If you have any queries as to whether participation in the Entitlement Offer is appropriate having regard to your particular circumstances or any queries on the specific consequences for you of any such participation, you should contact your stockbroker, accountant or other professional adviser.

2. PURPOSE AND EFFECT OF THE ENTITLEMENT OFFER

2.1 Purpose of the Entitlement Offer

The purpose of the Entitlement Offer is to raise up to approximately \$957,291 (before costs).

The Directors intend to apply the proceeds from the Entitlement Offer for the following purposes in accordance with the table set out below:

	Estimated Amount (\$)¹
Exploration and Development at Tolukuma	438,645
Exploration and Development at Murraydium Project	438,646
Estimated costs of Issue (including underwriting fees and ASX fees)	80,000
TOTAL	\$957,291

Note:

1. The estimated amounts are based on funds raised under this Entitlement Offer and do not include funds raised under the Placement or Director Placement. For more information see section 5.6.

In the event that circumstances change or other opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise benefits to Shareholders.

2.2 Effect of the Entitlement Offer on the Company's Financial Position

The effect of the Entitlement Offer will be that:

- (a) cash reserves will initially increase by approximately \$957,291 (after payment of costs of the Entitlement Offer); and
- (b) the number of Shares on issue will increase by approximately 73,637,743 from 589,101,938 to 662,739,681 (excluding any Consideration Shares and the Director Placement Shares. See section 5.6 for further information).

2.3 Effect of the Entitlement Offer on Control

The Entitlement Offer is structured as a pro rata issue and if all Eligible Shareholders take up their Entitlements, the Entitlement Offer will have no effect on the control of the Company.

If Shareholders do not take up their entitlements (whether because they are Ineligible Shareholders or otherwise), their interest in the Company will be diluted. The interests of Shareholders that only take up part of their Entitlement will also be diluted but to a lesser extent. The proportional interests of Ineligible Shareholders will be diluted because such Shareholders are not entitled to participate in the Entitlement Offer.

Based on the information in section 1.9, no person would increase their voting power above 20% as a result of acceptance of an Entitlement and in respect of the Shortfall Offer, the Company will only issue Shares to an applicant where the Directors are satisfied, in their discretion, that the issue of the Shares will not result in a person's voting power increasing above 20%.

2.4 Effect on Capital Structure

A table of changes in the capital structure of the Company as a consequence of the Entitlement Offer is set out below:

Shares	Number
Existing Shares as at the date of this Offer Document	589,101,938
New Shares issued pursuant to the Entitlement Offer	73,637,743
Total issued Shares	662,739,681¹

Note:

1. This figure includes the Placement Shares but excludes the Consideration Shares and the Director Placement Shares. For more information see section 5.6.

3. HOW TO APPLY

3.1 What you may do

The number of New Shares to which you are entitled to subscribe for is shown on the accompanying Application Form.

As an Eligible Shareholder, you may:

- subscribe for all of your Entitlement;
- apply for additional New Shares in the Shortfall Offer;
- subscribe for part of your Entitlement; or
- allow all of your Entitlement to lapse.

3.2 To subscribe for all or part of your Entitlement and/or apply for additional New Shares in the Shortfall Offer

If you wish to take up **all** or part of your Entitlement you need to make payment by BPAY®. Your payment by BPAY® should be for the full amount you wish to apply for under the Offer, including under the Shortfall Offer (being the Offer Price multiplied by the number of New Shares you wish to subscribe for (being all or part of your Entitlement) plus the value of any New Shares you wish to subscribe for under the Shortfall Offer).

You can only apply for Shares under the Shortfall Offer if you apply for all of your Entitlements under the Entitlement Offer.

If you choose to pay by BPAY® you are not required to submit the Application Form but are taken to make the statements on that form.

It is your responsibility to ensure that your BPAY® payment is received by the Company by no later than 5pm (WST) on 15 September 2021. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

Cash will not be accepted and no receipts will be issued.

To pay via BPAY® you will need to:

- (a) be an account holder with an Australian financial institution;
- (b) use the personalised reference number shown on your Application Form which is required to identify your shareholding; and
- (c) ensure that your payment is received by the Share Registry before 5pm (WST) on 15 September 2021.

You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying via BPAY® there is no need to return the Application Form but you will be taken to have made the statements and certifications that are set out in the Application Form.

When making payment via BPAY®, please ensure that you enter the correct Biller Code and Reference Number information that is shown on your personalised Application Form. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Application Form when paying for any New Shares that you wish to apply for in respect of that holding. If you enter your BPAY® details incorrectly, the Company will not be able to issue you your New Shares under the Entitlement Offer.

Amounts received by the Company in excess of the Offer Price multiplied by your Entitlements (**Excess Amount**) may be treated as an Application to apply for as many additional New Shares as your Excess Amount will pay for in full under the Shortfall Offer.

New Zealand shareholders

If you are a New Zealand shareholder, and you are unable to pay by BPAY®, please contact Matthew Foy, Company Secretary (matt.foy@ftcorporate.com.au) and the relevant account details and reference numbers for an EFT payment will be e-mailed to you.

3.3 To allow your Entitlement to lapse

If you are a Shareholder and do not wish to accept all (or part) of your Entitlement, you are not obliged to do anything. You will receive no benefit or New Shares and your Entitlement may be dealt with in accordance with section 1.6.

If you wish to receive a benefit, you must take action to accept your Entitlement in accordance with the instructions above and on the back of the accompanying Application Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

3.4 Application Form is binding

A completed and lodged Application Form, or electronic payment, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Document and, once lodged, cannot be withdrawn. If the Application Form is not completed correctly, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Application Form is final.

By completing and returning your Application Form with the requisite Application Monies, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Offer Document and Application Form, does not prohibit you from being given the Offer Document and Application Form and that you:

- (a) agree to be bound by the terms of the Entitlement Offer;
- (b) declare that all details and statements in the Application Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry using the contact details set out in the Application Form;
- (e) declare that you are an Eligible Shareholder resident in Australia or New Zealand and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- (f) acknowledge that the information contained in, or accompanying, the Offer Document and Application Form, is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

If you have any queries concerning your entitlement or allocation, please contact:

Matthew Foy, Company Secretary

Email: matt.foy@ftcorporate.com.au

or contact your stockbroker or professional adviser

4. RISK FACTORS

4.1 Overview

An investment in the Company is not risk free and investors should consider the risk factors described below, together with information contained elsewhere in this Offer Document, before deciding whether to apply for New 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 New Shares.

The Company's principal activity is mineral resource exploration and development and companies in this industry are subject to many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practical. Following are the risk factors which the Company believes are most important in the context of the Company's business.

The following list is not intended to be an exhaustive list of the risk factors relating to an investment in the Company and other risk factors may apply.

4.2 Company risks

(a) Future capital requirements

The Company has no operating revenue and is unlikely to generate any operating revenue unless and until its projects are successfully developed and production commences. The future capital requirements of the Company will depend on many factors, including the scale and type of its exploration activities.

The Company believes its available cash and the net proceeds of the Entitlement Offer should be adequate to fund its exploration and corporate activities and other Company objectives in the short to medium term.

However, in order to successfully develop its projects and for production to commence, the Company will require additional financing in the future, in addition to amounts raised pursuant to the Entitlement Offer. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained as and when required, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a Material Adverse Effect on the Company's activities, including resulting in its interest in the Tolukuma Project and/or the Murraydium Project being subject to dilution or forfeiture and could affect the Company's ability to continue as a going concern.

(b) Future issuances of Shares

The Company may also issue additional securities to finance future activities. The Company cannot predict the size of future issuances of securities or the effect, if any, that future issuances of securities may have on the market price of the Shares. Issuances of substantial numbers of Shares, or the perception that such issues could occur, may adversely affect prevailing market prices of the Shares. With any additional issuance of Shares, investors will suffer dilution to their voting power and the Company may experience dilution in its earnings per share.

(c) Unforeseen expenses

The Company is not aware of any expenses that may need to be incurred that have not been taken into account. However, if such unforeseen expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

(d) Reliance on key management

The Company is reliant on a number of key personnel employed or engaged by the Company. Loss of such personnel may have a materially adverse impact on the performance of the Company.

The Board is aware of the need to have sufficient management to properly supervise the exploration and (if successful) for the development of the Company's projects.

(e) **Land access risks**

The Company will require access to land to undertake its proposed activities. Negotiations with Native Title groups or owners/occupiers are generally required for the Company to be granted access to land. Any issues or delays with the negotiation to access the land may cause delay or adversely impact the Company's planned exploration activities.

Land access is critical for exploration and/or exploitation to succeed. It requires both access to the mineral rights and access to the surface rights. Minerals rights may be negotiated and acquired. In all cases the acquisition of prospective exploration and mining licences is a competitive business, in which proprietary knowledge or information is critical and the ability to negotiate satisfactory commercial arrangements with other parties is often essential. The Company may not be successful in acquiring or obtaining the necessary licences to conduct exploration or evaluation activities outside of the Company's tenements.

(f) **Tenements and Title risk**

Australia

Interests in tenements in Australia are governed by State legislation and are evidenced by the granting of licences or leases (**Title Right**). Each licence or lease is for a specific term and has annual expenditure and reporting commitments, together with other conditions requiring compliance. The Company could lose its title to or its interest in one or more of the tenements in which it has an interest if licence conditions are not met or if insufficient funds are available to meet the minimum expenditure commitments.

The Company's tenements, and other tenements in which the Company may acquire an interest in the future, will be subject to renewal, which is usually at the discretion of the relevant authority. If a tenement is not renewed the Company may lose the opportunity to discover mineralisation and develop that tenement.

In respect of granted tenements, whilst it is the Company's intention to satisfy the conditions that apply to the tenements no assurance can be given that the Company will be successful in managing its minimum expenditure obligations and retaining such tenements. Should non-compliance with the conditions occur in the future, the Company may be subject to penalties or forfeiture applications. Any of these events could have a materially adverse effect on the Company's prospects and the value of its assets.

Further, Title Rights are subject to periodic renewal. There is no guarantee that current or future Title Rights will be approved. Renewal of the terms of the granted Title Right is at the discretion of the relevant government authority. Renewal conditions may include increased expenditure or work commitments or compulsory relinquishment of the areas comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

As at the date of this Offer Document, the Company holds four exploration licence applications in the Murray Basin region in South Australia, which together form the Murraydium Project. Whilst the Company has no reason to believe that 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.

Papua New Guinea

Mining companies must obtain numerous licences, permits and approvals issued by various Papua New Guinea (**PNG**) governmental agencies and regulatory bodies that regulate operational, environmental and safety matters in connection with mineral exploration and mining in PNG. The applicable rules and regulations are complex and may change over time. There is a risk that all necessary licences, permits and approvals will not be granted, may be granted on terms not satisfactory to the Company, or may be granted but not within the timeframes anticipated by the Company.

Interests in tenements in PNG are governed by the mining acts and regulations that are current in that country and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting

commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to, or its interest in, the tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

All of the tenements in which the Company has an interest (or tenements in which the Company may acquire an interest in the future), will be subject to applications for renewal or exemption from expenditure (as the case may be). The renewal or exemption from expenditure for a tenement is usually determined at the discretion of the relevant government authority. If a tenement is not renewed or granted an exemption from expenditure, the Company may suffer damage through loss of opportunity to develop and discover minerals on that tenement.

(g) **Native Title and Heritage Risk**

Australia

The *Native Title Act 1993* (Cth) recognises certain rights of indigenous Australians over land where those rights have not been extinguished. These rights, where they exist, may impact on the ability of the Company to carry out exploration and in future, mining activities, or obtain exploration or mining licences in Australia. In applying for licences over crown land, the Company must observe the provisions of Native Title legislation.

There are also laws of the States and Territories which impose duties of care which require persons, including the Company, to take all reasonable and practical measures to avoid damaging or destroying Aboriginal cultural heritage.

In carrying out exploration and/or mining operations, the Company must observe Native Title legislation (where applicable), Aboriginal heritage legislation and heritage legislation which protects sites and objects of significance and these may delay or impact adversely on the Company's operations in Australia. These laws and regulations are subject to regular review and change.

Papua New Guinea

Approximately 97 per cent of land in PNG is held by its traditional owners under customary principles of landownership. The specific elements and rules of the system of customary land tenure vary from place to place. However, customary landownership generally recognises the traditional users of land and their personal and clan arrangements for land use. In general, land held under such tenure is almost entirely communally owned and cannot be alienated other than through being acquired by the State.

The extent of land which has been acquired by the State is quite limited. Once the State has acquired land, the original customary 'traditional' landowners should have no further claims in respect of it and leases from the State over such land should be inviolable. However, at various times 'traditional' landowners have exercised considerable pressure by way of demands for additional compensation for land previously acquired by the State and legal challenges against the acquisition process. There have been isolated instances of threatened violence against holders of State leases.

Title to most land in PNG has not been recorded or registered and there has been little surveying. As a result, title to land (in Western legal terms) is often unclear. Disputes over land ownership are common, especially in the context of resource developments. Identifying all the affected landowners, and structuring compensation arrangements that are both fair and acceptable to all of them, can be difficult.

The Company believes that the satisfactory resolution of local landowner concerns is essential to the development and operation of a mine in PNG and believes that it enjoys sound relationships with the affected landowners. The Group has always been committed to spending considerable time, effort and expense in order to resolve landowner issues relating to the Tolukuma Project, but there can be no assurance that disruptions arising out of landowner dissatisfaction will not occur.

The PNG Government has limited powers under various statutes to acquire private property compulsorily if it is required for public purposes. Furthermore, the PNG National Parliament, in exercise of its sovereign power, could enact legislation to expropriate specific private property. While there are constitutional protections against the unjust acquisition of property owned by PNG citizens, no such protection is afforded to foreign enterprises. The

Directors are not aware of any specific issues that might lead to the expropriation of the Company's assets in PNG and do not know of any case where this power has been exercised where companies are being properly managed and operating within their licences. However, the risk remains that this power could be exercised against the Company and there can be no assurance that any compensation would reflect what the Company considered to be the market value of the relevant assets.

(h) **New projects, potential acquisitions and joint ventures**

The Company has pursued and assessed to date, and will continue to actively pursue and assess, other new business opportunities, particularly those in the resource sector. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisitions of tenements/permits or direct equity participation.

If an acquisition is completed, the Directors will need to reassess, at that time, the funding allocated to current projects and new projects, which may result in the Company reallocating funds from other projects and/or the raising of additional capital (if available).

Furthermore, any new project or business acquisition may change the risk profile of the Company, particularly if the new project is located in another jurisdiction, involves a new commodity and/or changes the Company's capital and/or funding requirements.

Should the Company propose or complete the acquisition of a new project and/or business activity, investors should re-assess their investment in the Company in light of the new project and/or business activity.

(i) **Foreign currency and exchange rate fluctuations**

International prices of various commodities are denominated in United States dollars, whereas any potential income and the expenditure of the Company are and will be taken into account in Australian currency, therefore exposing the Company to fluctuations and volatility of the rate of exchange between the two currencies.

Accordingly, the revenues, earnings, costs, expenses, assets and liabilities of the Company may be exposed adversely to exchange rate fluctuation.

(j) **Approval risks**

The Company will be reliant on heritage, environmental and other approvals required in Australia or PNG to enable it to proceed with the exploration and development of any of its tenements/licences or the granting of any tenement/licence applications. There is no guarantee that the required approvals will be granted, and failure by the Company to obtain the relevant approvals, or any delay in the award or transfer of the approvals, may materially and adversely affect the Company's ability to proceed with its proposed exploration and development programs.

(k) **Operations**

The exploration programs of the Company and project development and mining operations may be affected by numerous factors beyond the control of the Company. These may include adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, plant and equipment, and events involving fire or explosions and the occurrence of other incidents beyond the control of the Company.

(l) **Legislative Change and Government Policy**

Changes in laws and regulations in Australia and PNG may adversely affect the financial performance or the current and proposed operations generally of the Company. Changes in government regulations and policies may adversely affect the financial performance or the current and proposed operations generally of the Company.

Specifically, the availability and rights to explore for mineral, as well as operational profitability generally, can be affected by changes in government policy that are beyond the control of the Company.

Australia

The governments of the relevant States and Territories of Australia in which the Company has interests conduct reviews from time to time of policies in connection with the granting and administration of tenements. Changing attitudes to environmental, land care, cultural

heritage or traditional religious artefacts and indigenous land rights issues, together with the nature of the political process, provide the possibility for future policy changes. There is a risk that such changes may affect the Company's exploration, development or operational plans or, indeed, its rights and/or obligations with respect to the tenements.

In addition to legislation changes, changes in relevant taxation, interest rates, other legal or administrative regimes, as well as Government policies in Australia may have an adverse effect on the assets, operations and ultimately the financial performance of both the Company and the entities in which it invests. These factors may ultimately affect the financial performance of the Company and the market price of its Securities.

Changing attitudes to financial services regulation and protection of investment activities, together with the nature of the political process, provide the possibility for future policy changes. There is a risk that such changes may affect the Company's business, operations or financial condition.

No assurance can be given that any new laws or regulations or that existing laws and regulations will not be applied in a manner which could limit or curtail the Company's activities and ultimate development or operations of its projects.

Amendments to current laws and regulations governing operations and activities of mining or more stringent implementation of them could have a substantial adverse impact on the current and any future project and therefore the Company.

Papua New Guinea

The formulation or implementation of PNG Government policies may be unpredictable on certain issues including laws, policies and regulations that impact the Company's operations. The Company's exploration and mining operations are and will be subject to various PNG laws, policies and regulations governing the ownership, prospecting, development and mining of minerals, taxation and royalties, exchange controls, import and export duties, currency transfers, restrictions and foreign currency holding and repatriation of earnings, investment approvals, environmental matters, employee and social community relations and other matters.

The possibility that the current, or a future PNG Government may adopt substantially different policies with regard to the economy, taxation or the operation or regulation of nationally important assets such as mines cannot be ruled out. If the Company were not able to obtain or maintain necessary permits, authorisations or agreements to implement the Project under conditions or within time frames that make such plans and operations economic, or if legal, ownership, fiscal (including all royalties and duties), exchange control, employment, environmental and social laws and regimes, or the governing political authorities change materially, resulting in changes to such laws and regimes, the Company's results of operations and its financial condition could be adversely affected.

4.3 Mining Industry risks

(a) Exploration and evaluation risks

The mineral tenements of the Company 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 these tenements, 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 permitting conditions, 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 tenements 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 tenements, a reduction in the cash reserves of the Company and possible relinquishment of the tenements.

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) **Payment obligations**

Pursuant to the tenements/licences comprising the Company's projects, the Company will become subject to payment and other obligations. In particular, tenement/licence holders are required to expend the funds necessary to meet the minimum work commitments attaching to the tenements. Failure to meet these work commitments may render the tenement liable to be cancelled or its size reduced. Further, if any contractual obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in dilution or forfeiture of the Company's interest in its projects.

(c) **Resource estimations**

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available. Should the company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

(d) **Ability to exploit successful discoveries**

It may not always be possible for the Company to exploit successful discoveries which may be made in areas in which the Company has an interest. Such exploration would involve obtaining the necessary licences or clearances from the relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploration may require participation of other companies whose interests and objectives may not be the same as the Company's.

(e) **Development risks and costs**

Possible future development of mining operations at any of the Company's projects is dependent on a number of factors and avoiding various risks including, but not limited to, failure to acquire and/or delineate economically recoverable ore bodies, unfavourable geological conditions, failing to receive the necessary approvals from all relevant authorities and parties, unseasonal weather patterns, excessive seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, unexpected shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, risk of access to the required level of funding and contracting risk from third parties providing essential services.

In addition, the construction of any proposed development may exceed the expected timeframe or cost for a variety of reasons out of the Company's control. Any delays to project development could adversely affect the Company's operations and financial results and may require the Company to raise further funds to complete the project development and commence operations.

(f) **Operating risks**

The Company may be subject to the risks involved in the establishment of a new mining operation if the Company decides to develop its mineral assets. There is no assurance that can be given to the level of viability that the Company's operations may achieve. Lower than expected productivity and technical difficulties and late delivery of materials and equipment could have an adverse impact on any future construction and commissioning schedules. No assurance can be given that the intended production schedules will be met or that the estimated operating cash costs and development costs will be accurate.

Further, the operations of the Company, if production commences, may have to be shut down or may otherwise be disrupted by a variety of risks and hazards which are beyond

the control of the Company, including environmental hazards, industrial accidents, technical failures, labour disputes, weather conditions, fire, explosions and other accidents at the mine, processing plant or related facilities beyond the control of the Company. The occurrence of any of the risks and hazards could also result in damage to, or destruction of, amongst other things, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently maintains insurance within ranges of coverage consistent with industry practice and appropriate for its current activities, no assurance can be given that the Company will be able to obtain its future insurance coverage at reasonable rates (or at all, or that any coverage it obtains will be adequate and available to cover any such claims).

(g) **Government regulation**

The mining, processing, development and mineral exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, environmental compliance and rehabilitation, land claims of local people, and other matters. Although the exploration and development activities of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

(h) **Inherent mining risks**

The Company's business operations are subject to risks and hazards inherent in the mining industry. The exploration for and the development of mineral deposits involves significant risks, including: environmental hazards; industrial accidents; metallurgical and other processing problems; unusual or unexpected rock formations; structure cave-in or slides; flooding; fires and interruption due to inclement or hazardous weather conditions. These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, environmental damage, delays in mining, increased production costs, monetary losses and possible legal liability.

Whether income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development.

(i) **Fluctuations in commodity prices**

The price of commodities fluctuates widely and is affected by numerous factors beyond the control of the Company such as industrial and retail supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales by producers and speculators as well as other global or regional political, social or economic events. Future serious price declines in the market value of minerals could cause the continued development of, and eventually the commercial production from, the Company's projects and the Company's other properties to be rendered uneconomic. Depending on the price of minerals the Company could be forced to discontinue production or development and may lose its interest in, or may be forced to sell, some of its properties. There is no assurance that, even as commercial quantities of minerals are produced, a profitable market will exist for it.

In addition to adversely affecting the reserve estimates of the Company and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

(j) **Environmental risk**

Australia

The exploration and operational activities of the Company are subject to Australian laws concerning the environment. The Company is required under the laws to obtain environmental approval to commence drilling.

The Company's activities are expected to have an impact on the environment particularly if advanced exploration or mine site recommissioning or development proceeds. It is the Company's intention to continue to conduct its operations and activities to the highest standard of environmental obligation including but not limited to compliance with all environmental laws and regulations.

The Company's projects are subject to laws and regulations in relation to environmental matters. Laws and regulations intended to ensure the protection of the environment are constantly changing and are generally becoming more restrictive. There is a risk that the environmental laws and regulations could become more onerous making the Company's operations more expensive. There is no assurance that any future changes in environmental regulation will not adversely affect the Company's operations.

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 or production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events such as unpredictable rainfall, bushfires and the like may impact on the Company's ongoing compliance with environmental legislation and regulation.

As a result, there is the risk that the Company may incur liability under these laws and regulations, which the Company proposes to manage by conducting its programs in a responsible manner with regard to the environment.

Papua New Guinea

The Company's ability to operate successfully in PNG communities will likely depend on its ability to develop, operate and close mines in a manner that is consistent with the health, safety and wellbeing of the Company's employees, the protection of the environment, and the creation of long term economic and social opportunities in the communities in which the Company operates. The Company seeks to promote improvements in health and safety, environmental performance and community relations. However, the Company's ability to operate could be adversely impacted by accidents or events detrimental (or perceived to be detrimental) to the health, safety and wellbeing of the Company's employees, the environment or the communities in which it operates.

The Company's operations involve the use of environmentally hazardous materials as well as the discharge of materials and contaminants into the environment, disturbance of land, and other environmental concerns. The activities of the Company are subject to significant environmental regulations promulgated by relevant PNG governmental authorities and other agencies periodically. Environmental legislation generally provides for the remediation of mining sites which may require significant capital expenditure. These laws and regulations, as interpreted by relevant agencies and courts, impose increasingly stringent environmental protection standards regarding, among other things, air emissions, wastewater storage, treatment and discharges, the use and handling of hazardous or toxic materials, waste disposal practices and remediation of environmental contamination. The costs of complying with these laws and regulations, including participation in assessments and remediation of sites, could be significant. In addition, these standards can create the risk of substantial environmental liabilities, including liabilities associated with divested assets and past activities. Environmental matters cannot be predicted with certainty, and amounts required to establish and maintain adequate provision for environmental liabilities may be significant, especially in light of potential changes in environmental conditions or the discovery of previously unknown environmental conditions, the risk of governmental orders to carry out compliance on certain sites not initially included in remediation in progress, and the potential liability of the Company to remediate sites for which provisions have not been previously established. Such future developments could result in increased environmental costs and liabilities that could have a Material Adverse Effect on the Company's business, assets, financial position and results of operations.

4.4 General investment risks

(a) **General Economic Conditions**

Changes in the general economic climate in which the Company operates or holds investments in may adversely affect the financial performance of the Company. Factors that may contribute to that economic climate include the general level of economic activity, interest rates, currency fluctuations, inflation, supply and demand, industrial disruption, changes in investor sentiment, infectious diseases, terrorism or other hostilities and other economic factors. These factors are beyond the control of the Company and the Company cannot, with any degree of certainty, predict how they will impact on the Company. COVID-19 has negatively affected global economies and is likely to continue to negatively affect global economies for an undetermined period of time. Refer to Section 4.4(g) for a description of the risks associated with COVID-19. For example, the Company's ability to undertake mining and exploration activities is dependent upon its ability to source and acquire appropriate mining equipment and personnel. Equipment and personnel are not always readily available and the market for mining equipment and personnel experiences fluctuations in supply and demand.

Increases in worldwide mining activities may create cost pressures for services and skilled personnel in the resources industry, which may affect the ability to purchase or hire equipment, supplies and services and to recruit skilled personnel in relation to the Projects. In addition, the availability of drilling rigs and other equipment and services is affected by the level and location of drilling activity around the world. An increase in drilling activity in PNG or in other areas in South-East Asia and Australia may reduce the availability of equipment and services to the Company.

In addition, an increased demand for mineral commodities may significantly increase the demand for many mining and processing inputs, which has resulted in shortages, as well as longer lead times for delivery and increases in pricing, of mining equipment and metallurgical plant, strategic spares and critical consumables. The reduced availability of equipment, services and skilled personnel may delay the planned exploration, development and production activities at the Project. A shortage of skilled labour in the PNG and Asia Pacific regional mining industry could result in the Company having insufficient employees or contractors to operate its business, which could adversely affect the Company's business, results of operations and financial condition.

(b) **Management of risk**

There is a risk that management of the Company will not be able to implement the Company's growth strategy after completion of the Offer. The capacity of the new management to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

(c) **Competition risk**

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

(d) **Market risk**

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) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) commodity price fluctuations;
- (v) changes in investor sentiment toward particular market sectors;
- (vi) the demand for, and supply of, capital; and
- (vii) terrorism and 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.

(e) **Insurance and uninsured risks**

The Company, where economically feasible, may insure its operations in accordance with industry practice. However, even if insurance is taken out, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered, or fully covered, by insurance could have a Material Adverse Effect on the business, financial condition and results of the Company. Insurance of all risks associated with mineral exploration and production is not always available and, where available, the costs can be prohibitive.

(f) **Investment speculative**

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 New Shares offered under this Offer Document.

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

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

(g) **Coronavirus (COVID-19) risk**

The outbreak of the coronavirus disease (**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 Company's ability to freely move people and equipment to and from exploration projects may cause delays or cost increases. The effects of COVID-19 on the Company's Share price may also impede the Company's ability to raise capital, or require the Company to issue capital at a discount, which may in turn cause dilution to Shareholders.

(h) **Climate change**

There are a number of climate-related factors that may affect the Company's business or its assets.

Climate change or prolonged periods of adverse weather and climatic conditions (including rising sea levels, floods, hail, drought, water, scarcity, temperature extremes, frosts, earthquakes and pestilences) may have an adverse effect on the Company's ability to access and utilise its tenements and/or on the Company's ability to transport or sell mineral commodities.

Changes in policy, technological innovation and consumer or investor preferences could adversely impact the Company's business strategy or the value of its assets (including its tenements), or may result in less favourable pricing for mineral commodities, particularly in the event of a transition (which may occur in unpredictable ways) to a lower-carbon economy.

(i) **Force majeure**

The 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, pandemics or quarantine restrictions.

4.5 Other risks

Other risk factors include those normally found in conducting business, including litigation through breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel and other matters that may interfere with the Company's business or trade.

5. ADDITIONAL INFORMATION

5.1 Disclosing Entity

The Company is a disclosing entity for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to ASX which a reasonable person would expect to have a material effect on the price or the value of the Company's Shares.

This document contains a summary of information only which the Company does not purport to be complete. The Offer Document is intended to be read in conjunction with the Company's periodic and continuous disclosure announcements lodged with the ASX.

There may be additional announcements made by the Company after the date of this Offer Document and throughout the period that the Entitlement Offer is open that may be relevant to your consideration of whether to take up or do nothing in respect of your Entitlement. Therefore, it is prudent that you check the Company's website: www.frontierresources.net.au or the ASX website: www.asx.com.au to see whether any further announcements have been made by the Company before submitting your application to take up your Entitlement.

5.2 Entitlement Offer Document

This Entitlement Offer is being made pursuant to section 708AA of the Corporations Act without disclosure to investors under Part 6D.2 of the Corporations Act. Accordingly, this document contains a summary of information only which the Company does not purport to be complete.

Neither this Offer Document nor the Application Form are required to be lodged or registered with ASIC. This Offer Document is not a prospectus under the Corporations Act and no prospectus for the Entitlement Offer will be prepared. These documents do not contain, or purport to contain, all of the information that a prospective investor may require in evaluating an investment in the Company. They do not contain all the information which would be required to be disclosed in a prospectus.

As a result, it is important for Eligible Shareholders to carefully read and understand the information on the Company and the Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement. In particular, please refer to this Offer Document and other announcements made available at www.asx.com.au or on the Company's website: www.frontierresources.net.au.

Pursuant to the conditions imposed on the Company by section 708AA of the Corporations Act, the Company provided ASX with a notice that complied with the requirements of section 708AA(7) on 27 August 2021. In addition to certain minor and technical matters that notice was required to:

- (a) set out any information that had been excluded from a continuous disclosure notice in accordance with the Listing Rules and that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (ii) the rights and liabilities attaching to the New Shares; and
- (b) state the potential effect of the issue of the New Shares on the control of the Company and the consequences of that effect.

5.3 Information availability

Eligible Shareholders in Australia and New Zealand can obtain a copy of this Offer Document during the Entitlement Offer Period on the Company's website at www.frontierresources.net.au or by emailing Matthew Foy, Company Secretary, at matt.foy@ftcorporate.com.au. Persons who access the electronic version of this Offer Document should ensure that they download and read the entire Offer Document and the other relevant information to which it refers.

The electronic version of this Offer Document will not include an Application Form. A replacement Application Form can be requested by calling the Company between 8.30am and 5.00pm (AEST) on Business Days by calling (08) 9486 4036 (within Australia) or +61 08 9486 4036 (outside of Australia).

5.4 Taxation

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Entitlement Offer or Shareholders applying for New Shares, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of accepting the Entitlement Offer.

5.5 Underwriting Agreement

The Company has entered into an underwriting agreement with CPS Capital Group Pty Ltd (**Underwriter**) dated on or about 26 August 2021 under which the Underwriter has agreed to underwrite the Entitlement Offer.

Pursuant to the Underwriting Agreement, the Company will pay the Underwriter an underwriting fee of 6% of the underwritten amount of \$957,291, being approximately \$57,500 (plus GST). The Company will also issue 10,000,000 options to the Underwriter at an issue price of \$0.00001 each with an exercise price of \$0.02 expiring on the date that is 3 years from their date of issue.

The Underwriting Agreement provides that the Underwriter may terminate the Underwriting Agreement by written notice to the Company if any one or more of the events described in Schedule 1 occurs at any time prior to the Closing Date.

The Underwriting Agreement also contains a number of representations and warranties from the Company and the Underwriter that are considered standard for an agreement of this nature.

For information on the Underwriter's disclaimer in relation to this Offer Document, please refer to the Important Notices section of this Offer Document under the heading "Disclaimer".

5.6 Shareholder Approval and Ratification

This Entitlement Offer forms part of a broader capital raising and acquisition strategy undertaken by the Company.

On 3 August 2021 the Company announced that it had entered into a conditional binding heads of agreement to acquire all of the shares in Southern Rare Earths Pty Ltd. Part of the consideration pursuant to the agreement included issuing 57,692,307 Shares to the shareholders of Southern Rare Earths Pty Ltd ACN 650 157 083 at an issue price of \$0.013 each (**Consideration Shares**).

On 6 August 2021 the Company issued 100 million Shares at an issue price of \$0.013 each to professional and sophisticated investors raising approximately \$1.3 million, before costs (**Placement**). The Company issued 48,910,193 Shares under the Placement pursuant to ASX Listing Rule 7.1A and 51,089,807 Shares under ASX Listing Rule 7.1.

Alec Pismiris and Peter Swiridiuk (or their nominees) intend to subscribe for 3,800,000 Shares and 770,000 Shares respectively for a combined total of 4,570,000 Shares at an issue price of \$0.013 each, raising approximately \$59,410, before costs (**Director Placement**).

Shareholder approval will be sought at a general meeting on 16 September 2021 for the issue of the Consideration Shares and the Director Placement. The Company will also seek to ratify the issue of the Placement Shares at the same general meeting.

6. GLOSSARY

A\$, \$ and dollars means Australian dollars, unless otherwise stated.

Application means an application for New Shares pursuant to the Application Form.

Application Form means the Application Form attached to or accompanying this Offer Document.

Application Money means money received from an Eligible Shareholder in respect of their Application.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the market operated by that entity, as the context requires.

ASX Settlement means ASX Settlement Pty Ltd (ABN 49 008 504 532).

ASX Settlement Operating Rules means the settlement rules of ASX Settlement.

Board means the board of Directors.

Business Day means Monday to Friday inclusive, excluding public holidays in Western Australia and any other day that ASX declares is not a trading day.

CHESS means ASX Clearing House Electronic Sub-register System.

Cleansing Statement means the notice lodged by the Company with ASX in accordance with section 708AA(2)(f) of the Corporations Act in respect of the Entitlement Offer.

Closing Date means 15 September 2021, subject to the Company extending the date.

Company means Frontier Resources Limited ACN 095 684 389.

Consideration Shares means the 57,692,307 Shares to be issued under the conditional binding heads of agreement entered into by the Company and Southern Rare Earths Pty Ltd ACN 650 157 083.

Corporations Act means the *Corporations Act 2001* (Cth), including as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* in relation to the Entitlement Offer.

Director means a director of the Company.

Director Placement means the proposed subscription by the Directors of 4,570,000 Shares at an issue price of \$0.013 each.

Eligible Shareholder means a Shareholder as at 5.00pm (WST) on the Record Date with a registered address in Australia or New Zealand.

Entitlement or **Right** means a Shareholder's entitlement to subscribe for New Shares offered under the Entitlement Offer.

Entitlement Offer or **Offer** means the offer to Eligible Shareholders of up to 73,637,743 New Shares at an issue price of \$0.013 per New Share on the basis of 1 (one) New Share for every 8 (eight) Existing Shares held at the Record Date.

Entitlement Offer Period means the period commencing on 6 September 2021 and ending on 15 September 2021 at 5pm (WST) (subject to the Company varying these dates).

Existing Share means a fully paid ordinary share in the capital of the Company on issue as at the Record Date.

Full Subscription means the amount of \$957,291 (less issue costs) to be raised under the Entitlement Offer (comprised of 73,637,743 New Shares).

Ineligible Shareholder means a Shareholder who is not an Eligible Shareholder.

Issue means the issue of New Shares under the Entitlement Offer.

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

Material Adverse Effect means a material adverse effect on:

- (a) the outcome of the Entitlement Offer or on the subsequent market for the New Shares (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in New Shares); or
- (b) the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Relevant Companies either individually or taken as a whole; or
- (c) the tax position of the Relevant Companies either individually or taken as a whole.

New Share means a fully paid ordinary share in the capital of the Company to be issued under the Entitlement Offer.

Offer Document means this document, including any supplements or replacements to this document.

Offer Price means \$0.013 per New Share.

Official Quotation means official quotation on ASX.

Placement means the Placement of 100 million Shares at \$0.013 each to professional and sophisticated investors completed on 6 August 2021.

PNG means Papua New Guinea.

Record Date means 5pm (WST) on 1 September 2021.

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

Shareholder means a holder of a Share.

Share Registry means Computershare Investor Services Pty Limited ACN 078 279 277.

Shortfall will occur if the Company does not hold successful valid Applications for all the New Shares offered by the Company under the Entitlement Offer by the Closing Date.

Shortfall Offer means the facility described in section 1.6 under which Eligible Shareholders may apply for additional New Shares in excess of their Entitlements.

Shortfall Shares means New Shares for which successful valid Applications have not been received by the Closing Date.

Title Right means the interests in tenements in Australia that are governed by State legislation and are evidenced by the granting of licences or leases.

Underwriter means CPS Capital Group Pty Ltd (ACN 088 055 636).

Underwriting Agreement means the agreement between the Company and the Underwriter dated on or about 26 August 2021, a summary of which is set out in section 5.5 of this Offer Document.

US Person has the meaning given to that term in Regulation S under the US Securities Act.

US Securities Act means the United States Securities Act of 1933, as amended.

7. CORPORATE DIRECTORY

Directors

Alec Pismiris
Non-Executive Chairman

Peter Swiridiuk
Non-Executive Director

Jessica O'Neil
Non-Executive Director

Senior Management

Matthew Foy
Company Secretary

Auditors*

Moore Australia Audit (WA)
Level 15, 2 The Esplanade
Perth WA 6000

ASX Code: FNT

ACN: 095 684 389

Website: www.frontierresources.net.au

Registered Office

Level 8, 99 St Georges Terrace
Perth WA 6000
Telephone: +61 08 9486 4036

Underwriter

CPS Capital Group Pty Ltd
Level 45, 108 St Georges Terrace
PERTH WA 6000

Share Registry*

Computershare Investor Services Pty
Limited*
Level 11, 172 St Georges Terrace
Perth WA 6000

Telephone:
(within Australia): 1300 850 505
(outside Australia): + 61 03 9415 4000

Solicitors

Allion Partners Pty Ltd
Level 9, 863 Hay Street
Perth WA 6000

* This entity has not been involved in the preparation of this Offer Document. Its name is included for information purposes only.

SCHEDULE 1 – UNDERWRITER TERMINATION EVENTS

The Underwriting Agreement provides that the Underwriter may terminate the Underwriting Agreement by written notice to the Company if:

- (a) **(Offer Withdrawn):** the Offer is withdrawn by the Company;
- (b) **(No Listing Approval):** the Company fails to lodge an Appendix 2A in relation to the Underwritten Shares with ASX by the time required by the Listing Rules, the Corporations Act or any other regulations;
- (c) **(Corrective Disclosure):**
 - (1) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in paragraph (j)(4), forms the view on reasonable grounds that a corrective document should be lodged with ASX to comply with the Corporations Act and the Company fails to lodge a corrective document in such form and content and within such time as the Underwriter may reasonably require; or
 - (2) the Company lodges a corrective document without the prior written agreement of the Underwriter (which agreement the Underwriter may not unreasonably withhold);
- (d) **(Misleading Documents):** subject always to the Material Adverse Effect paragraph (see below), it transpires that there is a statement in the Offer Document that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Offer Document or if any statement in the Offer Document becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Offer Document is or becomes misleading or deceptive or likely to mislead or deceive;
- (e) **(Restriction on issue):** the Company is prevented from issuing the Underwritten Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (f) **(ASIC application):** an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Offer, provided that the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;
- (g) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel and is not withdrawn or disposed of by the Shortfall Notice Deadline Date, either of which in the Underwriter's reasonable opinion has a Material Adverse Effect;
- (h) **(Indictable offence):** subject always to the Material Adverse Effect paragraph (see below), a director or senior manager of the Company is charged with an indictable offence;
- (i) **(Market Movement):** the S&P/ASX Small Ordinaries index falls by more than 10% after the Execution Date; or
- (j) **(Termination Events):** subject always to the Material Adverse Effect paragraph (see below), any of the following events occurs:
 - (1) **(Default):** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking and the default or breach is either incapable of remedy or is not remedied within 10 Business Days after the Underwriter notifies the Company of the default or breach or by the Shortfall Notice Deadline Date, whichever is earlier;
 - (2) **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect to a material respect;
 - (3) **(Contravention of constitution or Act):** a material contravention by the Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (4) **(Adverse change):** an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the

Execution Date in the assets, liabilities, financial position, trading results, profits, losses, prospects, business or operations of the Company;

- (5) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of the Company is or becomes misleading or deceptive or likely to mislead or deceive to a material respect;
- (6) **(Change in Act or policy):** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (7) **(Prescribed Occurrence):** a Prescribed Occurrence occurs;
- (8) **(Suspension of debt payments):** the Company suspends payment of its debts generally;
- (9) **(Event of Insolvency):** an Event of Insolvency occurs in respect of the Company;
- (10) **(Judgment against the Company):** a judgment in an amount exceeding \$50,000 is obtained against the Company and is not set aside or satisfied within seven days;
- (11) **(Litigation):** litigation, arbitration, administrative or industrial proceedings are brought after the Execution Date commenced against the Company;
- (12) **(Board and senior management composition):** there is a change in the composition of the Board or a change in the senior management of the Company before the Issue without the prior written consent of the Underwriter (such consent not to be unreasonably delayed or withheld);
- (13) **(Change in shareholdings):** a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company;
- (14) **(Timetable):** there is a delay in any specified date in the Timetable which is greater than 3 Business Days, without the prior written consent of the Underwriter (such consent not to be unreasonably delayed or withheld);
- (15) **(Force Majeure):** a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of seven days occurs;
- (16) **(Certain resolutions passed):** the Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (17) **(Capital Structure):** the Company alters its capital structure in any manner not contemplated by the Offer Document or permitted by the Underwriting Agreement without the prior written consent of the Underwriter (such consent not to be unreasonably delayed or withheld);
- (18) **(Investigation):** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company;
- (19) **(Hostilities):** hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand the United States of America, the United Kingdom any member state of the European Union, Indonesia, Japan, Russia or the Peoples Republic of China or Indonesia, or a terrorist act is perpetrated on any of those countries or any diplomatic or political establishment of any of those countries elsewhere in the world, or a national emergency is declared by any of those countries;
- (20) **(Adverse Change in Financial Markets):** there occurs any material adverse change or material adverse disruption to the political or economic conditions of financial markets in Australia, the United Kingdom, the United States of America or the international financial markets or any change or development involving a prospective change in national or international political, financial or economic conditions; or
- (21) **(Binding Heads of Agreement):** the Binding Heads of Agreement is not terminated or otherwise amended or varied other than with the prior written consent of the Underwriter.

Material Adverse Effect

However, the Underwriter may not terminate the Underwriting Agreement if an event set out in paragraphs (d), (h) and (j) occurs unless, in the reasonable opinion of the Underwriter reached in good faith, the event has or is likely to have, or those events together have, or could reasonably be expected to have, a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act.

Definitions and Interpretations

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

Binding Heads of Agreement means the binding heads of agreement between the Company, Southern Rare Earths Pty Ltd ACN 650 157 083 and various other parties dated on or about 3 August 2021.

Business Day means a day upon which ASX is open for trading in securities and trading banks in Perth, Western Australia are open for general banking business.

Corporations Act means the Corporations Act 2001 (Cth) as amended.

Event of Insolvency means:

- (a) a receiver, manager, receiver and manager, trustee, administrator, Controller or similar officer is appointed in respect of a person or any asset of a person;
- (b) a liquidator or provisional liquidator is appointed in respect of a corporation;
- (c) any application (not being an application withdrawn or dismissed within seven days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
 - (1) appointing a person referred to in paragraphs (a) or (b);
 - (2) winding up a corporation; or
 - (3) proposing or implementing a scheme of arrangement;
- (d) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any Insolvency Provision;
- (e) a moratorium of any debts of a person, or an official assignment, or a composition, or an arrangement (formal or informal) with a person's creditors, or any similar proceeding or arrangement by which the assets of a person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee, is ordered, declared, or agreed to, or is applied for and the application is not withdrawn or dismissed within seven days;
- (f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable law to be, insolvent within the meaning of the Corporations Act; or
- (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person.

Execution Date means the date on which the Underwriting Agreement is executed by the last party to sign it.

Force Majeure means any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the reasonable control of the parties.

Issue means the issue of the Underwritten Shares as offered under the Offer Document.

Listing Rules means the Official Listing Rules from time to time of ASX.

Material Adverse Effect means:

- (a) a material adverse effect on the outcome of the Offer or on the subsequent market for the Underwritten Shares (including, without limitation, a material adverse effect on a decision of an investor to invest in Underwritten Shares); or
- (b) a material adverse effect on the condition, trading or financial position and performance, profits and losses, results, prospects, business or operations of the Company and its Subsidiaries taken as a whole.

Offer means the pro rata non-renounceable rights issue of Shares at the Price on the basis of 1 (one) Share for every 8 (eight) Shares held by the shareholders in the Company on the Record Date made pursuant to the Offer Document.

Offer Document means the offer document issued in accordance with section 708AA of the Corporations Act for the Offer which will be despatched by the Company to Shareholders no later than the Despatch Date and which will be in a form approved by the Underwriter (acting reasonably).

Prescribed Occurrence means:

- (a) the Company converting all or any of its shares into a larger or smaller number of shares;
- (b) the Company resolving to reduce its share capital in any way;
- (c) the Company:
 - (1) entering into a buy back agreement; or
 - (2) resolving to approve the terms of a buy back agreement under section 257D or 257E of the Corporations Act;
- (d) the Company making an issue of, or granting an option to subscribe for, any of its shares or any other securities, or agreeing to make such an issue or grant such an option, other than the issue of securities in accordance with the Offer or this Agreement, any securities issued or granted pursuant to any incentive plan or scheme for the issue of securities to employees or officers of the Company, any securities issued on conversion of convertible securities that are on issue at the Execution Date and any securities issued with the prior written consent of the Underwriter (such consent not to be unreasonably delayed or withheld);
- (e) the Company issuing, or agreeing to issue, convertible notes;
- (f) the Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) the Company charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) the Company resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator of the Company;
- (j) the making of an order by a court for the winding up of the Company;
- (k) an administrator of the Company, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) the Company executing a deed of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of the Company.

Shortfall Notice Deadline Date means date specified in the Timetable, or any other date agreed in writing between the parties as the date by which the Company must give the Underwriter written notice of the number of Shortfall Shares and the Certificate.

Underwriting Agreement means the agreement between the Company and the Underwriter dated on or about 26 August 2021, a summary of which is set out in section 5.5 of the Offer Document.

Underwritten Shares means 73,637,743 Shares to be offered pursuant to the Offer Document and, where the context permits, means any one or more of them.