



Pre-Quotation Disclosure

14 December 2022

Taiton Resources Ltd (ACN 062 284 084) (**Company**) makes the following disclosures in accordance with ASX's listing conditions.

Capitalised terms not otherwise defined have the meaning given in the Company's Prospectus dated 23 September 2022 (**Prospectus**).

1. Restricted securities

The Company confirms that the following securities will be subject to restriction pursuant to the ASX Listing Rules for the period outlined below:

Class	Number	Restriction Period
Shares	19,235,000	24 months from the date of official quotation
Shares	2,250,000	12 months from the date of issue
Unquoted Options with an exercise price of \$0.25 each, expiring at 5.00pm (AEST) on that date that is 2 years from the date of issue.	4,800,000	24 months from the date of official quotation
Unquoted Options with an exercise price of \$0.25 each, expiring at 5.00pm (WST) on the date that is 4 years from the date of issue.	4,873,171	24 months from the date of official quotation
Unquoted Options with an exercise price of \$0.25 each, expiring at 5.00pm (WST) on the date that is 4 years from the date of issue.	1,787,997	12 months from the date of issue
Performance Rights convertible into Shares on the achievement of certain milestones, with nil exercise price, expiring 5 years from the date of issue, issued on the terms set out in Section 7.4 of the Prospectus.	6,000,000	24 months from the date of official quotation

2. Confirmation of issue of securities

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The Company confirms the issue of:

- a) 2,000,000 Shares to McSkimming Geophysics Pty Ltd as part consideration under the Highway Project Agreement;
 - b) 13,100,000 Shares on the conversion of debts arising out of loan facility agreements, in accordance with Section 1.8 of the Prospectus;
 - c) 5,600,000 Board and Management Options to the directors and CFO; and
 - d) 6,000,000 Performance Rights to the directors and CFO.
3. Confirmation of securities subject to voluntary escrow

There are no securities subject to voluntary escrow.

4. Capital structure

The Company's capital structure at the date of Admission is:

Security	Number
Fully Paid Ordinary Shares	73,009,544
Options ¹	12,261,168
Performance Rights ²	6,000,000

Notes:

- 1) 12,261,168 options comprising:
 - a) 5,600,000 Board and Management Options issued in accordance with Shareholder approval obtained at the Company's General Meeting on 5 August 2022, exercisable for \$0.25 each, expiring 2 years from the date of issue;
 - b) 3,142,397 Options issued pursuant to the Priority Offer and accompanying Shortfall Offer, exercisable for \$0.25 each, expiring 4 years from the date of issue;
 - c) 518,771 Options issued pursuant to the Lead Manager Offer, exercisable for \$0.25 each, expiring 4 years from the date of issue; and
 - d) 3,000,000 Options issued pursuant to the Underwriter Offer, exercisable for \$0.25 each, expiring 4 years from the date of issue.
- 2) 6,000,000 Performance Rights issued in accordance with Shareholder approval obtained at the Company's General Meeting on 5 August 2022, exercisable on the achievement of certain milestones, expiring 5 years from the date of issue (refer to Section 7.4 of the Prospectus for the full terms and conditions of the Performance Rights).

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5. Updated statement of commitments

The Company confirms that it has the following funds available following the completion of the Offers.

Source of funds	\$'000
Existing cash as at 9 December 2022	197
Proceeds from the issue of Shares under the Capital Raising Offer	7,004
Total funds available	7,201

The following tables show the intended use of funds in the 24 month period following Admission:

Use of Funds - Year 1	\$'000	Percentage of Funds
Exploration Activities		
— Data Review	15	0.36%
— Geological Supervision	280	6.74%
— Geophysical Consultants	70	1.68%
— Geophysical Surveys	220	5.29%
— Geochemical Surveys	100	2.41%
— Drilling	900	21.66%
— Field Logistics	40	0.96%
— Laboratory Costs	105	2.53%
— Heritage Surveys	20	0.48%
— Access and Heritage payments	20	0.48%
— Tenement rents/rates	130	3.13%

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Use of Funds - Year 1	\$'000	Percentage of Funds
Administration costs ⁽¹⁾	799	19.23%
Working capital ⁽²⁾	315	7.58%
Estimated expenses of the Offers ⁽³⁾	1,142	27.47%
Total Funds allocated - Year 1	4,156	57.71%

Use of Funds – Year 2	\$'000	Percentage of Funds
Exploration Activities		
— Data Review	15	0.49%
— Geological Supervision	280	9.19%
— Geophysical Consultants	50	1.64%
— Geophysical Surveys	100	3.29%
— Geochemical Surveys	50	1.64%
— Drilling	1,200	39.41%
— Field Logistics	40	1.31%
— Laboratory Costs	130	4.27%
— Heritage Survey	20	0.66%
— Access and Heritage payments	20	0.66%
— Tenement rents/rates	130	4.27%
Administration costs ⁽¹⁾	742	24.37%
Working capital ⁽²⁾	268	8.80%

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Use of Funds – Year 2	\$'000	Percentage of Funds
Total Funds allocated - Year 2	3,045	42.29%
TOTAL FUNDS ALLOCATED	7,201	100%

Notes:

- 1) Administration costs include the general costs associated with the management and operation of the Company's business including administration expenses, management salaries, directors' fees, rent and other associated costs.
- 2) Working capital includes any interest payable under the Loan Facility Agreements (see Section 6.5(a) of the Prospectus for further details). To the extent that:
 - a) the Company's exploration activities warrant further exploration activities; or
 - b) the Company is presented with additional acquisition opportunities,the Company's working capital will fund such further exploration and acquisition costs (including due diligence investigations and expert's fees in relation to such acquisitions). Any amounts not so expended will be applied toward administration costs for the period following the initial 2-year period following the Company's quotation on ASX.
- 3) Expenses paid or payable by the Company in relation to the Offers are set out in Section 7.9 of the Prospectus.

6. Confirmation of no impediments

The Company confirms that there are no legal, regulatory, statutory or contractual impediments to the Company entering and carrying out exploration activities such that the Company will be able to spend its cash in accordance with its commitments for the purposes of ASX Listing Rule 1.3.2(b). Those commitments are set out in Section 1.7 of the Prospectus.

7. Terms of waiver granted

ASX has granted the Company a waiver of ASX Listing Rule 1.1 Condition 12 to the extent necessary to permit the Company to have on issue 6,000,000 Performance Rights issued to Mr Noel Ong (Managing Director), Mr Chee Cheong (David) Low (Executive Director) and Mr Kah Hui Tan (Chief Financial Officer), or their nominees with an exercise price of less than \$0.20 on the condition that the material terms and conditions of the Performance Rights are clearly disclosed in the Company's Prospectus.

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8. Terms and conditions of options

Refer to Schedule 1 below for the full terms and conditions attaching to the Options.

Refer to Schedule 2 below for the full terms and conditions attaching to the Board and Management Options.

9. Updated pro-forma statement of financial position

Refer to Schedule 3 below for an updated pro-forma statement of financial position reflecting the aggregate amount raised under the Offers.

By order of the Board

Noel Ong
Managing Director
Taiton Resources Limited



Schedule 1 - Terms and conditions of the Options

The following terms and conditions apply to each of the Lead Manager Options, Underwriter Options, Priority Offer Options and Shortfall Options (together in this clause referred to as the Options):

- (a) (**Entitlement**): Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) (**Issue Price**): The Options were issued for nil consideration.
- (c) (**Exercise Price**): The Options are exercisable at \$0.25.
- (d) (**Expiry Date**): Each Option will expire at 5:00pm (WST) on the date that is 4 years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (e) (**Exercise Period**): The Options are exercisable at any time and from time to time on or prior to the Expiry Date.
- (f) (**Notice of Exercise**): The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

- (g) (**Timing of issue of Shares and quotation of Shares on exercise**): within 10 Business Days after the valid exercise of an Option, the Company will:
 - (i) issue, allocate or cause to be transferred to the Participant the number of Shares to which the Participant is entitled;
 - (ii) issue a substitute Certificate for any remaining unexercised Options held by the Participant;

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- (iii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (iv) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.

All Shares issued upon the exercise of Options will upon issue rank equally in all respects with the then issued Shares.

- (h) **(Restrictions on transfer of Shares):** If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on exercise of the Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.
- (i) **(Cashless exercise of Options):** The holder of Options may elect not to be required to provide payment of the Exercise Price for the number of Options specified in a Notice of Exercise but that on exercise of those Options the Company will transfer or allot to the holder that number of Shares equal in value to the positive difference between the then Market Value of the Shares at the time of exercise and the Exercise Price that would otherwise be payable to exercise those Options (with the number of Shares rounded down to the nearest whole Share).

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the five (5) trading days immediately preceding that given date.

- (j) **(Dividend and voting rights):** The Options do not confer on the holder an entitlement to vote at general meetings of the Company or to receive dividends.
- (k) **(Transferability of the Options):** The Options are not transferable, except with the prior written approval of the Company and subject to compliance with the Corporations Act.
- (l) **(Quotation of the Options):** The Company will not apply for quotation of the Options on any securities exchange.

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- (m) **(Adjustments for reorganisation):** If there is any reorganisation of the issued share capital of the Company, the rights of the Option holder will be varied in accordance with the Listing Rules.
- (n) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (o) **(Adjustment for bonus issues of Shares):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
 - (ii) no change will be made to the Exercise Price.

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Schedule 2 - Terms and conditions of the Board and Management Options

The following terms and conditions apply to each of the Board and Management Options.

- (a) **(Entitlement):** Subject to the terms and conditions set out below, each Option entitles the holder, on exercise, to the issue of one fully paid ordinary share in the Company (**Share**).
- (b) **(Conditional admission to the ASX):** The issue of the Options is subject and conditional upon the Company obtaining a conditional admission letter from ASX on terms satisfactory to the Company's directors, acting reasonably, which, once satisfied, will result in ASX admitting the Company to the official list of ASX.
- (c) **(Plan):** The Options are granted under the Company's Employee Securities Incentive Plan (**Plan**) for nil cash consideration. In the event of any inconsistency between the Plan and these terms and conditions, these terms and conditions will apply to the extent of the inconsistency. Capitalised terms referred to in these terms and conditions, that are not otherwise defined herein, have the same meaning as that given to them in the Plan, unless the context requires otherwise.
- (d) **(Exercise Price):** Subject to the terms and conditions set out below, the amount payable upon exercise of each Option will be \$0.25 (**Exercise Price**). The Options will be issued to the Participant for nil cash consideration.
- (e) **(Expiry Date):** Each Option will expire at 5:00pm (AEST) on the date that is 2 years from the date of issue (**Expiry Date**). For the avoidance of doubt any unexercised Option will automatically lapse on the Expiry Date.
- (f) **(Exercise):** The holder may exercise their Options in whole or in part (and if exercised in part, in multiples of 1,000 on each occasion) by lodging with the Company, on or prior to the Expiry Date:
 - (i) a written notice of exercise of Options in the form provided by the Company specifying the number of Options being exercised (**Notice of Exercise**); and
 - (ii) a cheque or electronic funds transfer, or other means of payment acceptable to the Company, including cashless exercise as described in paragraph (g), for the Exercise Price for the number of Options being exercised. Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable".

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A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (if required) (**Exercise Date**).

- (g) (**Cashless exercise of Options**): Subject to Board approval at the time of exercise, the holder may elect not to be required to provide payment of the Exercise Price for the number of Options specified in a Notice of Exercise but that on exercise of those Options the Company will transfer or allot to the holder that number of Shares equal in value to the positive difference between the then Market Value of the Shares at the time of exercise and the Exercise Price that would otherwise be payable to exercise those Options (with the number of Shares rounded down to the nearest whole Share).

Where **Market Value** means, at any given date, the volume weighted average price of Shares traded on the ASX over the five (5) trading days immediately preceding that given date.

- (h) (**Timing of issue of Shares and quotation of Shares on exercise**): Within 15 Business Days after the later of the following:
- (i) Exercise Date; and
 - (ii) when "excluded information" in respect of the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be "excluded information",

the Company will:

- (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company (if required);
- (iv) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If the Company is unable to deliver a notice under section (d) (above) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company will lodge with ASIC a "cleansing prospectus" prepared in accordance with the Corporations Act and do all such things reasonably necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors. Where a "cleansing prospectus" is required,

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any Shares issued on exercise of Options will be subject to a holding lock until such time as a prospectus is issued by the Company.

- (i) **(Shares issued on exercise)**: All Shares issued upon the exercise of Options will upon issue rank *pari passu* in all respects with the then Shares of the Company.
- (j) **(Transfer)**: The Options are not transferable except in accordance with the Plan and subject to compliance with the Corporations Act and the Listing Rules.
- (k) **(Quotation)**: No application for quotation of the Options will be made by the Company.
- (l) **(Dividend and voting rights)**: The Options do not confer on the holder an entitlement to vote at general meetings of the Company or to receive dividends.
- (m) **(Participation in new issues)**: Subject always to the rights under sections (o) and (p), there are no participation rights or entitlements inherent in the Options and holders of Options will not be entitled to participate in new issues of capital offered to holders of Shares, such as bonus issues and entitlement issues.
- (n) **(Change in exercise price or number of Shares)**: Subject always to the rights under sections (o) and (p), there will be no change to the exercise price of the Options or the number of Shares over which the Options are exercisable in the event of the Company making a pro-rata issue of Shares or other securities to the holders of Shares in the Company.
- (o) **(Adjustment for bonus issue)**: If securities are issued pro-rata to shareholders generally by way of bonus issue (other than an issue in lieu of dividends by way of dividend reinvestment), the number of Options to which the holder is entitled will be increased by that number of securities which the holder would have been entitled if the Options held by the holder were exercised immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Listing Rules at the time of the bonus issue.
- (p) **(Reorganisation of capital)**: In the event that the issued capital of the Company is reconstructed (including consolidation, subdivision, reduction or return), all the holder's rights as a holder of Options will be changed to the extent necessary to comply with the Listing Rules at the time of reorganisation provided that, subject to compliance with the Listing Rules, following such reorganisation the holder's economic and other rights are not diminished or terminated.

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- (q) **(Leavers):** The Options will lapse where the holder of the Options (or in the case of Options held by a Nominated Party, the person in respect of the provision of whose services the Options were granted) dies, is no longer employed, or their engagement or office is discontinued with the Company, unless the Board determines otherwise in its discretion in accordance with the Plan.

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Schedule 3 - Updated pro-forma statement of financial position

Updated pro-forma statement of financial position based on actual amount of funds of \$7,004,000 raised under the Prospectus

	Reviewed 31.12.2021 \$	Pro Forma 31.12.2021 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	377,006	6,606,801
Trade and other receivables	1,654	1,654
TOTAL CURRENT ASSETS	378,660	6,608,455
NON-CURRENT ASSETS		
Property, plant and equipment	11,945	11,945
Capitalised exploration and evaluation	221,987	671,987
TOTAL NON-CURRENT ASSETS	233,932	683,932
TOTAL ASSETS	612,592	7,292,387
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	93,310	53,976
Borrowings	3,161,236	-
TOTAL CURRENT LIABILITIES	3,254,546	53,976
TOTAL NON-CURRENT LIABILITIES	-	-
TOTAL LIABILITIES	3,254,546	53,976
NET (LIABILITIES)/ASSETS	(2,641,954)	7,238,411
EQUITY		
Issued capital	35,166,571	43,745,059
Share-based payments reserve	-	1,106,080
Accumulated losses	(37,808,525)	(37,612,728)
TOTAL EQUITY	(2,641,954)	7,238,411

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