

**DESOTO RESOURCES LIMITED**  
**ACN 658 510 242**

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**LOYALTY OPTIONS PROSPECTUS**

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For a pro-rata non-renounceable entitlement issue of one (1) Option (**Loyalty Option**) for every two (2) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.01 per Loyalty Option to raise approximately \$444,750 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

**IMPORTANT NOTICE**

This document is important and should be read in its entirety. If, after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your professional advisers without delay.

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

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## IMPORTANT NOTICE

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This Prospectus is dated 17 April 2023 and was lodged with the ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

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

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

Applications for Loyalty Options offered pursuant to this Prospectus can only be made by an original Entitlement and Acceptance Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus and is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Representations contained in this Prospectus are made taking into account that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters are publicly available information or may reasonably be expected to be known to investors and professional advisers whom prospective investors may consult.

### No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your financial or investment objectives,

financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Securities under this Prospectus to determine whether it meets your objectives, financial situation and needs.

### Forward-looking statements

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

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

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

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5.

### Overseas shareholders

The Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not

be lawful to make such an offer or to issue this Prospectus.

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

For further information on overseas Shareholders please refer to Section 2.7.

### Continuous disclosure obligations

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

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

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

Please refer to Section 6.3 for further details.

## Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of Loyalty Options issued under this Prospectus. The Company will only distribute this Prospectus to those investors who fall within the target market determination (TMD) as set out on the Company's website ([www.desotoresources.com](http://www.desotoresources.com)). By making an application under the Offer, you warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD.

## Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at [www.desotoresources.com](http://www.desotoresources.com). If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian or New Zealand resident and must only access this Prospectus from within Australia or New Zealand.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus, or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 8 6149 7516 office hours or by emailing the Company Secretary at [info@desotoresources.com](mailto:info@desotoresources.com).

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## Company Website

No documents or other information available on the Company's website is incorporated into this Prospectus by reference.

## Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would

contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

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

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

## Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 7.

All references to time in this Prospectus are references to Australian Western Standard Time.

## Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including 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. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

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

## Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offer or how to accept the Offer please call the Company Secretary on +61 8 6149 7516.

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## CORPORATE DIRECTORY

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### Directors

Christopher Swallow  
*Managing Director*

Paul Roberts  
*Non-Executive Chairperson*

Dr Barry Murphy  
*Non-Executive Director*

### Company Secretary

Tony Tomba

### Registered Office

Level 2  
10 Outram Street  
WEST PERTH WA 6005

Telephone: +61 8 6149 7516

Email: [info@desotoresources.com](mailto:info@desotoresources.com)  
Website: [www.desotoresources.com](http://www.desotoresources.com)

### Auditor\*

HLB Mann Judd  
Level 4  
130 Stirling Street  
PERTH WA 6008

### Share Registry\*

Automic Pty Ltd  
Level 5  
191 St Georges Terrace  
PERTH WA 6000

Telephone: 1300 288 664

Email: [hello@automic.com.au](mailto:hello@automic.com.au)  
Website: [www.automic.com.au](http://www.automic.com.au)

### Legal Advisers

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

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

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## 1. KEY OFFER INFORMATION

### 1.1 Timetable\*

Lodgement of Prospectus with the ASIC	17 April 2023
Lodgement of Prospectus and Appendix 3B with ASX	17 April 2023
Ex date	20 April 2023
Record Date for determining Entitlements	21 April 2023
Offer opening date, Prospectus sent out to Shareholders and Company announces this has been completed	26 April 2023
Last day to extend the Closing Date	12 May 2023
Closing Date as at 5:00pm**	17 May 2023
Loyalty Options quoted on a deferred settlement basis	18 May 2023
ASX notified of under subscriptions	19 May 2023
Issue date and lodgement of Appendix 2A with ASX applying for quotation of the Loyalty Options	23 May 2023
Quotation of Loyalty Options issued under the Offer***	25 May 2023
Closing Date of Shortfall Offer	Within 3 months from the date of the Prospectus

#### Note:

\* These dates are indicative only and are subject to change.

\*\* The Directors may extend the Closing Date for the Offer by giving at least 3 Business Days' notice to ASX prior to the Closing Date. Accordingly, the date the Loyalty Options are expected to commence trading on ASX may vary.

\*\*\* Quotation of the Loyalty Options is subject to the Company satisfying the quotation requirements set out in Chapter 2 of the ASX Listing Rules.

### 1.2 Key Offer Information

Ratio	1:2
Issue Price per Loyalty Option:	\$0.01
Exercise Price of Loyalty Options	\$0.25
Expiry Date of Loyalty Options	Five (5) years from the date of issue
Quotation terms	Quoted
Maximum Loyalty Options to be issued under Offer <sup>1</sup>	44,475,000
Maximum proceeds of Offer	\$444,750

#### Notes:

1. Assuming no additional Shares are issued, including by exercise of Options, prior to the Record Date.
2. Refer to Section 4.1 for the terms of the Loyalty Options.

### 1.3 Directors' Interests in Securities

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below:

Director	Shares	Options	Performance Rights	Entitlement	\$
Paul Roberts <sup>1</sup>	5,000,000	7,500,000 <sup>2</sup>	Nil	2,500,000	\$25,000
Barry Murphy	3,050,000 <sup>3</sup>	4,500,000 <sup>2,4</sup>	Nil	1,525,000	\$15,250
Christopher Swallow	2,700,000 <sup>5</sup>	4,050,000 <sup>2,5</sup>	1,140,000	1,350,000	\$13,500

**Notes:**

1. Held indirectly by Paul Anthony Roberts and Esperanza A G Bejarano ATF Wireless Hill A/C (a trust which Paul Roberts is a beneficiary of).
2. Exercisable at \$0.25 on or before 1 April 2027.
3. 50,000 Shares held indirectly by Fractore Pty Ltd ATF Ardgillan Estate (of which Barry Murphy is a director and beneficiary) and 3,000,000 Shares held indirectly by Fractore Pty Ltd ATF Ardgillan Estate Super Fund (of which Barry Murphy is a director and beneficiary).
4. Held indirectly by Fractore Pty Ltd ATF Ardgillan Estate Super Fund (of which Barry Murphy is a director and beneficiary).
5. Held indirectly by Leonie Swallow ATF C & L Swallow Family A/C (of which Chris Swallow is a beneficiary).

The Board recommends all Shareholders take up their Entitlements. The Board advises that each of the Directors intend to take up their full Entitlements.

### 1.4 Details of Substantial Holders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offer are set out in the respective tables below.

Shareholder	Shares	Percentage (%)
Hugh Business Enterprises Limited	17,700,000	19.90%
Paul Anthony Roberts & Esperanza Angelica Gutierrez Bejarano ATF Wireless Hill Trust	5,000,000	5.62%
Barnaby Egerton-Warburton <sup>1</sup>	6,446,000	7.25%
Paul Lloyd <sup>2</sup>	6,450,000	7.25%

**Notes:**

1. Comprising 4,700,000 Shares held by Whistler Street Pty Ltd (ACN 137 218 127) ATF Warburton Discretionary A/C, 1,246,000 Shares held by BXW Ventures Pty Ltd (ACN 622 170 110) and 500,000 Shares held by Rockaway Ventures Pty Ltd (ACN 625 383 762).
2. Comprising 5,260,000 Shares held by Coral Brook Pty Ltd (ACN 076 819 264) ATF Lloyd Super Fund A/C and 1,190,000 Shares held by Coral Brook Pty Ltd (ACN 076 819 264).

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

### **1.5 Effect on Control**

As the Securities offered under this Prospectus do not contain voting rights, the offering of the Loyalty Options under the Offer will not change the voting power in the Company. In order to acquire voting rights, holders of Loyalty Options will need to exercise their Loyalty Options received in accordance with their terms.

### **1.6 Potential dilution on non-participating Shareholders**

No immediate dilution will occur as a result of the issue of Securities under this Prospectus. However subsequent exercise of any or all of the Loyalty Options will result in dilution. Assuming all Options offered pursuant to this Prospectus are issued and exercised into Shares, Shareholders who do not participate in the Offer are likely to be diluted by an aggregate of approximately 33.33% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus).



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## 2. DETAILS OF THE OFFER

### 2.1 The Offer

The Offer is being made as a pro-rata non-renounceable entitlement offer to acquire one (1) Loyalty Option for every two (2) Shares held by Shareholders registered at the Record Date, at an issue price of \$0.01 per Loyalty Option.

Fractional entitlements will be round up to the nearest whole number. All references to numbers of Loyalty Options to be issued pursuant to this Prospectus are expressed subject to rounding.

Based on the capital structure of the Company as at the date of this Prospectus, approximately 44,475,000 Loyalty Options will be issued pursuant to the Offer to raise approximately \$444,750 (before costs).

As at the date of this Prospectus the Company has 35,575,000 Options on issue that may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 3.3 for information on the exercise price and expiry date of the Options on issue.

All of the Loyalty Options offered under this Prospectus will be issued with an exercise price of \$0.25 expiring on or before the date that is five (5) years from the date of issue. Full terms and conditions of the Loyalty Options are set out in Section 4.1 of this Prospectus.

All of the Shares issued upon the future exercise of the Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4.2 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 3.1.

### 2.2 Acceptance of the Offer

#### (a) What Eligible Shareholders may do

The number of Loyalty Options to which Eligible Shareholders are entitled is shown on the personalised Entitlement and Acceptance Form which accompanies this Prospectus. Eligible Shareholders may choose any of the options set out in the table below.

Option	Key Considerations	For more information
<b>Take up all of your Entitlement</b>	<ul style="list-style-type: none"><li>• Should you wish to accept all of your Entitlement, then your application for Options under this Prospectus must be made by following the instructions on the personalised Entitlement and Acceptance Form which accompanies this Prospectus. Please read the instructions carefully.</li><li>• Payment can be made by the methods set out in Section (b). As set out in Section (b), if you pay by BPAY® or EFT, you do not need to return the Entitlement and Acceptance Form.</li></ul>	Section (b) and Section (c).

Option	Key Considerations	For more information
<b>Take up a proportion of your Entitlement and allow the balance to lapse</b>	<ul style="list-style-type: none"> <li>If you wish to take up only part of your Entitlement and allow the balance to lapse, your application must be made by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus for the number of Loyalty Options you wish to take up and making payment using the methods set out in Section (b) below. As set out in Section (b), if you pay by BPAY® or EFT, you do not need to return the Entitlement and Acceptance Form.</li> </ul>	Section (b) and Section (c)
<b>Allow all or part of your Entitlement to lapse</b>	<ul style="list-style-type: none"> <li>If you do not wish to accept any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement by the Closing Date, the Offer to you will lapse.</li> </ul>	N/A

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

(b) **Payment options**

(i) By BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

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

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. **It is your responsibility to ensure that funds submitted through BPAY® are received by 5.00pm (WST) on the Closing Date. The Company shall not be responsible for any delay in the receipt of the BPAY® payment.**

**Guidance where you have more than one CRN (Shareholding of Shares)**

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and

Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. **Do not use the same CRN for more than one of your Shareholdings.** This can result in your Application monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any Application in respect of your remaining Shareholdings will not be valid).

(ii) **By Electronic Funds Transfer**

For payment by Electronic Funds Transfer (**EFT**), please follow the instructions on the Entitlement and Acceptance Form. Multiple acceptances must be paid separately. You should be aware of your financial institution's cut-off time and any associated fees with processing an EFT. It is your responsibility to ensure funds are submitted correctly by the Closing Date and time. Please note that should you choose to pay by EFT:

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

Please ensure you use your unique payment reference number located on the Entitlement and Acceptance Form. This will ensure your payment is processed correctly. Failure to do so may result in your funds not being allocated to your application and your Entitlement subsequently not being issued.

(iii) **By Cheque**

Payment by cheque or cash will not be accepted.

(c) **Implications of an acceptance**

Returning a completed Entitlement and Acceptance Form or paying any Application monies by BPAY® or EFT will be taken to constitute a representation by you that:

- (i) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (ii) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® or EFT payment instruction is given in relation to any Application monies, the application may not be varied or withdrawn except as required by law.

## 2.3 **Minimum subscription**

There is no minimum subscription.

## **2.4 Shortfall Offer**

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer (**Shortfall Options**). The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Shortfall Option to be issued under the Shortfall Offer shall be \$0.01 being the price at which Options have been offered under the Offer.

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall Offer and potentially be allocated to other third parties as part of the Shortfall Offer. The Shortfall Offer will only be available where there is a Shortfall between applications received from Eligible Shareholders and the number of Loyalty Options proposed to be issued under the Offer.

No Shortfall Options will be issued to a party under the Shortfall Offer if the effect would be to increase that party's voting power in the Company to an amount greater than 19.99%.

All decisions regarding the allocation of Shortfall Options will be made by the Directors and will be final and binding on all applicants under the Shortfall Offer; as such there is no guarantee that any Shortfall Options applied for will be issued.

The Company will have no liability to any Applicant who receives less than the number of Shortfall Options they applied for under the Shortfall Offer. If the Company scales back any applications for Shortfall Options under the Shortfall Offer any Application monies will be returned (without interest) as soon as practicable.

## **2.5 ASX listing**

Application for Official Quotation of the Loyalty Options will also be made within 7 days after the date of this Prospectus. If ASX does not grant Official Quotation of the Loyalty Options or if the Company does not meet the minimum requirements to be granted Official Quotation of the Loyalty Options, then the Loyalty Options will still be issued, however will not be quoted on ASX.

The fact that ASX may grant Official Quotation to the Loyalty Options is not to be taken in any way as an indication of the merits of the Company or the Loyalty Options now offered for subscription.

## **2.6 Issue of Loyalty Options**

Loyalty Options issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at Section 1.1.

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

Holding statements for Loyalty Options issued under the Offer will be mailed as soon as practicable after the issue of the Loyalty Options and for Shortfall Options issued under the Shortfall Offer as soon as practicable after their issue.

## **2.7 Overseas shareholders**

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

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

### ***New Zealand***

The Loyalty Options 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 transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 (New Zealand).

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

### ***Nominees and custodians***

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia or New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

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### 3. PURPOSE AND EFFECT OF THE OFFER

#### 3.1 The Offer

The purpose of the Offer is to reward Shareholders for supporting the Company and to provide the Company with a potential source of additional capital if Loyalty Options are exercised. A nominal amount of funds will be raised through the issue of the Loyalty Options, being \$444,750 (before costs).

The funds raised from the Offer are intended to be applied in accordance with the table set out below:

Item	Proceeds of the Offer	(\$)	%
1.	Working capital	\$425,315	95.6%
2.	Expenses of the Offer <sup>1</sup>	\$19,435	4.4%
	<b>Total</b>	<b>\$444,750</b>	<b>100.0%</b>

**Notes:**

1. Refer to Section 6.8 for further details relating to the estimated expenses of the Offer.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve its stated objectives. In the event the Offer is not fully subscribed, the Company will have reduced working capital to fund further exploration activities and/or additional acquisition or investment opportunities.

In addition, it should be noted that the Company's budgets and forecasts will be subject to modification on an ongoing basis depending on the results achieved from its business activities and operations.

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

#### 3.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted, and no Shares are issued including on exercise or conversion of other Options on issue prior to the Record Date, will be to:

- (a) increase the cash reserves by approximately \$425,315 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Options on issue from 35,575,000 as at the date of this Prospectus to approximately 80,050,000 Options.

#### 3.3 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, and no Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date, is set out below.

## Shares<sup>1</sup>

	Number
Shares currently on issue <sup>1</sup>	88,950,000
Shares offered pursuant to the Offer	-
<b>Total Shares on issue after completion of the Offer</b>	<b>88,950,000</b>

### Notes:

1. Refer to Section 4.2 for the rights and liabilities attaching to Shares.

## Options

	Number
Options currently on issue <sup>1</sup>	35,575,000
Loyalty Options to be issued pursuant to the Offer <sup>2</sup>	44,475,000
<b>Total Options on issue after completion of the Offer<sup>4</sup></b>	<b>80,050,000</b>

### Notes:

1. Comprising of:
  - (a) 33,975,000 Options exercisable at \$0.25 on or before 5:00pm (WST) on 1 April 2027; and
  - (b) 1,600,000 Options exercisable at \$0.35 on or before 5:00pm (WST) on the date that is five (5) years from the date of issue.
2. Refer to Section 4.1 for the terms of the Loyalty Options.

## Performance Rights

	Number
Performance Rights currently on issue	2,750,000
Performance Rights offered pursuant to the Offer	-
<b>Total Performance Rights on issue after completion of the Offer</b>	<b>2,750,000</b>

The capital structure on a fully diluted basis as at the date of this Prospectus would be 127,275,000 Shares and on completion of the Offer (assuming all Entitlements are accepted, and no Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date) would be 171,750,000 Shares.

### 3.4 Pro-forma balance sheet

The audited balance sheet as at 30 June 2022 and the unaudited pro-forma balance sheet shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no other Securities are exercised prior to the Record Date and including expenses of the Offer.

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

	AUDITOR REVIEWED 31 December 2022 \$	PRO FORMA 31 December 2022 \$
<b>Current assets</b>		
Cash and cash equivalents	5,548,468	5,973,783
Trade and other receivables	74,697	74,697
Other	4,052,769	4,052,769
<b>Total current assets</b>	<b>9,675,934</b>	<b>10,101,249</b>
<b>Non-Current assets</b>		
Exploration and evaluation assets	1,185,001	1,185,001
Leasehold improvements	43,745	43,745
Right-of-use assets	241,275	241,275
<b>Total non-current assets</b>	<b>1,470,021</b>	<b>1,470,021</b>
<b>Total Assets</b>	<b>11,145,955</b>	<b>11,571,270</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	219,369	219,369
Lease liabilities	52,015	52,015
Employee benefits	20,106	20,106
<b>Total current liabilities</b>	<b>291,490</b>	<b>291,490</b>
<b>Non-current liabilities</b>		
Lease liabilities	193,523	193,523
<b>Total non-current liabilities</b>	<b>193,523</b>	<b>193,523</b>
<b>Total liabilities</b>	<b>485,013</b>	<b>485,013</b>
<b>Net assets</b>	<b>10,660,942</b>	<b>11,086,257</b>
<b>Equity</b>		
Issued capital	11,233,724	11,233,724
Reserves	190,936	616,251
Accumulated losses	-763,718	-763,718
<b>Total equity</b>	<b>10,660,942</b>	<b>11,086,257</b>

Notes:



1. Issue of one (1) Loyalty Option for every two (2) Shares at an issue price of \$0.01 per Loyalty Option to raise up to \$444,750 less expenses of the Offer of \$19,435.

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## 4. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

### 4.1 Terms of Loyalty Options

The following are the terms and conditions of the Loyalty Options:

(a) **Entitlement**

Each Loyalty Option entitles the holder to subscribe for one (1) Share upon exercise of the Loyalty Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Loyalty Option will be \$0.25 (**Exercise Price**).

(c) **Expiry Date**

Each Loyalty Option will expire at 5:00 pm (WST) on the date that is five (5) years from the date of issue (**Expiry Date**). A Loyalty Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Loyalty Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Loyalty Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Loyalty Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Loyalty Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

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 Loyalty Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 5 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Loyalty Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things 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; and

- (iii) 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 Loyalty Options.

If a notice delivered under section (g)(i) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things 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.

(h) **Quotation of Loyalty Options**

The Company will seek quotation of the Loyalty Options in accordance with the Listing Rules and Corporations Act, subject to satisfaction of the quotation conditions of the ASX Listing Rules. In the event that quotation of the Loyalty Options cannot be obtained, the Loyalty Options will remain unquoted.

(i) **Shares issued on exercise**

Shares issued on exercise of the Loyalty Options rank equally with the then issued shares of the Company.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Loyalty Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Loyalty Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Loyalty Options without exercising the Loyalty Options.

(l) **Change in exercise price**

A Loyalty Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Loyalty Option can be exercised.

(m) **Transferability**

The Loyalty Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## 4.2 Rights and liabilities attaching to Shares

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

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

### (a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. The Constitution permits the use of technology at general meetings of shareholders (including wholly virtual meetings) to the extent permitted under the Corporations Act, ASX Listing Rules and applicable law.

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

### (b) Voting rights

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

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

### (c) Dividend rights

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

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

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

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

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

(e) **Shareholder liability**

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

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

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

(h) **Variation of rights**

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

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

(i) **Alteration of constitution**

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

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## 5. RISK FACTORS

### 5.1 Introduction

The Loyalty Options offered under this Prospectus should be considered as highly speculative and an investment in the Company is not risk free.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 5, together with all other information contained in this Prospectus.

The future performance of the Company and the value of the Loyalty Options may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are described below.

The risks factors set out in this Section 5, or other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Loyalty Options. This Section 5 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

Before determining whether to invest in the Company you should ensure that you have a sufficient understanding of the risks described in this Section 5 and all of the other information set out in this Prospectus and consider whether an investment in the Company is suitable for you, taking into account your objectives, financial situation and needs.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

### 5.2 Company specific

Risk Category	Risk
<b>General</b>	The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the Shares of the Company. The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which the Board can effectively manage them is limited.
<b>Limited history</b>	Having been incorporated on 1 April 2022, the Company does not have any operating history, although it should be noted that the Directors have between them significant operational experience.  Previous exploration has been conducted on the Company's Pine Creek Project (the <b>Project</b> ), however the Company has only undertaken limited reconnaissance to date and only commenced activities following admission to the Official List.

Risk Category	Risk
	<p>The prospects of the Company must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly in the mineral exploration sector, which has a high level of inherent uncertainty.</p> <p>No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenements. Until the Company is able to realise value from its Project, it is likely to incur ongoing operating losses.</p>
<p><b>Exploration and operations</b></p>	<p>The tenements comprising the Project are at various stages of exploration. Investors should understand that mineral exploration and development are high-risk undertakings.</p> <p>There can be no assurance that future exploration on the tenements comprising the Project, or any other tenements that may be acquired in the future, will result in the discovery of an economic mineral resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.</p> <p>The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns or adverse weather conditions, unanticipated operational and technical difficulties, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, industrial and environmental accidents, industrial disputes, unexpected shortages and increases in the costs of consumables, spare parts, plant, equipment and staff, native title process, changing government regulations and many other factors beyond the control of the Company.</p> <p>The success of the Company will also depend upon the Company being able to maintain title to the tenements comprising the Project and obtaining all required approvals for their contemplated activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Project, a reduction in the cash reserves of the Company and possible relinquishment of one or more of the tenements comprising the Project.</p>
<p><b>Renewals, access and third-party interests</b></p>	<p><b>Renewal</b></p> <p>Mining and exploration tenements are subject to periodic renewal. The renewal of the term of granted tenements is subject to compliance with the applicable mining legislation and regulations and the discretion of the relevant mining authority. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements.</p>



Risk Category	Risk
	<p>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.</p> <p>The Company considers the likelihood of tenure forfeiture to be low given the laws and regulations governing exploration in the Northern Territory and the ongoing expenditure budgeted for by the Company. However, the consequence of forfeiture or involuntary surrender of a granted tenement for reasons beyond the control of the Company could be significant.</p> <p><b>Access</b></p> <p>The Company has confirmed that its proposed exploration activities will not take place on tenement areas that overlap Crown Lease land.</p> <p>A number of the Company's tenements overlap pastoral leases. The Company is aware that it is required to obtain the consent of the occupiers or lease holders to undertake its proposed exploration activities on the tenements.</p> <p>The Company, through its wholly owned subsidiary, Mangusta Minerals Pty Ltd (ACN 653 950 522), will apply for authority certificates from the Aboriginal Areas Protection Authority to obtain certainty that its activities within the tenements will not result in any offences under the relevant Aboriginal heritage legislation.</p>
<p><b>Future capital requirements</b></p>	<p>The Company's capital requirements depend on numerous factors. The Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.</p>
<p><b>Climate</b></p>	<p>There are a number of climate-related factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the Company include:</p> <p>(a) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on</p>

Risk Category	Risk
	<p>industry that may further impact the Company and its business viability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and</p> <p>(a) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.</p>
<p><b>Related party</b></p>	<p>The Company has a number of key contractual relationships with related parties. If these relationships breakdown and the related party agreements are terminated, there is a risk that the Company may not be able to find a satisfactory replacement.</p> <p>Further, the operations of the Company will require involvement of related parties and other third parties. With respect to these persons and despite applying best practice in terms of pre-contracting due diligence, the Company is unable to completely avoid the risk of:</p> <p>(b) financial failure or default by a participant in any agreement to which the Company may become a party; and/or</p> <p>(c) insolvency, default on performance or delivery by any operators, contractors or service providers.</p> <p>There is also a risk that where the Company has engaged a contractor who is a related party, the contract between the contractor and the Company may terminate for reasons outside of the control of the Company. This may then result in the termination of the contract between the Company and the contractor and the impact the Company's position, performance and reputation.</p>
<p><b>Ukraine conflict</b></p>	<p>The current conflict between Ukraine and Russia (<b>Ukraine Conflict</b>) is impacting global economies and financial markets. The nature and extent of the effect the Ukraine Conflict may have on the Company's operations remains uncertain at this time. In the short to medium term, the Company's Share price may be adversely affected by the economic uncertainty caused by the Ukraine Conflict and the wider effect the conflict has on global economies and financial markets.</p> <p>The Directors are monitoring the potential secondary and tertiary macroeconomic impacts of the Ukraine Conflict, including the fluctuations in commodity and energy</p>

Risk Category	Risk
	prices and the potential risk of cyber activity impacting governments and businesses. Further, any governmental or industry measures taken in response to the Ukraine Conflict, including limitations on travel and changes to import/export restrictions and arrangements involving Russia, may adversely impact the Company's operations and are likely to be beyond the control of the Company.

### 5.3 Industry specific

Risk Category	Risk
<b>Native title and Aboriginal Heritage</b>	<p>In relation to Tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.</p> <p>There are currently registered native title claims over Tenements EL33189, EL32884, EL32148, EL31356 and EL31899.</p> <p>Further to this, an Indigenous Land Use Agreement (<b>ILUA</b>) is registered against Tenement EL32885. The terms and conditions of any such ILUA may be unfavourable for, or restrictive against, the Company.</p> <p>The Directors will closely monitor the potential effect of native title claims or Aboriginal heritage matters involving tenements in which the Company has or may have an interest.</p>
<b>Exploration costs</b>	<p>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 uncertainty, and accordingly, the actual costs may materially differ from the 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 impact the Company's viability.</p>
<b>Resource and reserves and exploration targets</b>	<p>The Company does not presently have any JORC Code compliant resources on the Tenements in which it is earning an interest. The Company has identified a number of exploration targets based on geological interpretations and limited geophysical data, geochemical sampling and historical drilling. Insufficient data however, exists to provide certainty over the extent of the mineralisation. Whilst the Company intends to undertake additional exploration works with the aim of defining a resource, no assurances can be given that</p>

Risk Category	Risk
	<p>additional exploration will result in the determination of a resource on any of the exploration targets identified. Even if a resource is identified no assurance can be provided that this can be economically extracted.</p> <p>Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when initially calculated may alter significantly when new information or techniques become available. In addition, by their very nature resource and reserve estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate.</p>
<p><b>Grant of future authorisations to explore and mine</b></p>	<p>If the Company discovers an economically viable mineral deposit that it then intends to develop, it will, among other things, require various approvals, licences and permits before it will be able to mine the deposit. There is no guarantee that the Company will be able to obtain all required approvals, licenses and permits. To the extent that required authorisations are not obtained or are delayed, the Company's operational and financial performance may be materially adversely affected.</p>
<p><b>Mine development</b></p>	<p>Possible future development of mining operations at the Project is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.</p> <p>If the Company commences production on the Project, its operations may be disrupted by a variety of risks and hazards which are beyond the control of the Company. No assurance can be given that the Company will achieve commercial viability through the development of the Project.</p> <p>The risks associated with the development of a mine will be considered in full should the Project reach that stage and will be managed with ongoing consideration of stakeholder interests.</p>
<p><b>Environmental</b></p>	<p>The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to</p>

Risk Category	Risk
	<p>conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.</p> <p>Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.</p> <p>The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.</p> <p>Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programs or mining activities.</p>
<p><b>Regulatory compliance</b></p>	<p><b>Regulatory Risks</b></p> <p>The Company's operating activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and Aboriginal heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.</p> <p>While the Company believes that it will operate in substantial compliance with all material current laws and regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Company or its properties, which could have a material adverse impact on the Company's current operations or planned activities.</p> <p>Obtaining necessary permits can be a time-consuming process and there is a risk that Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and</p>

Risk Category	Risk
	<p>applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the Tenements.</p>
<p><b>Metallurgy</b></p>	<p>When compared with many industrial and commercial operations, mining exploration projects are high risk. Each ore body is unique and the nature of the mineralisation, the occurrence and grade of the ore, as well as its behaviour during mining can never be wholly predicted. Estimations of a mineral deposit are not precise calculations but are based on interpretation and on samples from drilling which represent a very small sample of the entire ore body.</p> <p>Reconciliation of past production and reserves, where available, can confirm the reasonableness of past estimates, but cannot categorically confirm accuracy of future projections.</p> <p>The applications of metallurgical test work results and conclusions to the process design, recoveries and throughput depend on the accuracy of the test work and assumption that the sample tests are representative of the ore body as a whole. There is a risk associated with the scale-up of laboratory and pilot plant results to a commercial scale and with the subsequent design and construction of any plant.</p>

#### 5.4 General risks

Risk Category	Risk
<p><b>Reliance on key personnel</b></p>	<p>The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.</p> <p>The Company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business.</p>

Risk Category	Risk
<b>Economic conditions and other global or national issues</b>	<p>General economic conditions, laws relating to taxation, new legislation, trade barriers, movements in interest and inflation rates, currency exchange controls and rates, national and international political circumstances (including wars, terrorist acts, sabotage, subversive activities, security operations, labour unrest, civil disorder, and states of emergency), natural disasters (including fires, earthquakes and floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Company's operations and financial performance, including the Company's exploration, development and production activities, as well as on its ability to fund those activities. General economic conditions may also affect the value of the Company and its market valuation regardless of its actual performance.</p>
<b>COVID-19</b>	<p>Coronavirus disease (SARS-CoV-2 (severe acute respiratory syndrome coronavirus 2), coronavirus disease 2019 or COVID 19, including any future resurgence or evolutions or mutations thereof or any related or associated epidemic, pandemic or disease outbreak) (<b>COVID-19</b>) is continuing to impact global economic markets. The nature and extent of the effect of COVID-19 on the performance of the Company remains unknown. The market price of Shares 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.</p> <p>In addition, the effects of COVID-19 on the market price of the Shares and global financial markets generally may also affect the Company's ability to raise equity or debt if and when required or require the Company to issue capital at a discount, which may result in dilution for some or all Shareholders.</p>
<b>Competition</b>	<p>The industry in which the Company will be involved is subject to domestic and global competition. Although 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, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.</p>
<b>Market conditions</b>	<p>Share market conditions may affect the value of the Company's Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:</p> <ul style="list-style-type: none"> <li>(a) general economic outlook;</li> <li>(b) introduction of tax reform or other new</li> </ul>

Risk Category	Risk
	<p>legislation;</p> <p>(c) interest rates and inflation rates;</p> <p>(d) global health epidemics or pandemics;</p> <p>(e) currency fluctuations;</p> <p>(f) changes in investor sentiment toward particular market sectors;</p> <p>(g) the demand for, and supply of, capital;</p> <p>(h) political tensions; and</p> <p>(i) terrorism or other hostilities.</p> <p>The market price of Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.</p> <p>Potential investors should be aware that there are risks associated with any Shares investment. Shares listed on the stock market, and in particular Shares of exploration companies experience extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. These factors may materially affect the market price of the shares regardless of the Company's performance.</p> <p>In addition, after the end of the relevant escrow periods affecting Shares in the Company, a significant sale of then tradeable Shares (or the market perception that such a sale might occur) could have an adverse effect on the Company's Share price.</p>
<p><b>Commodity price volatility and exchange rate</b></p>	<p>If the Company achieves success leading to mineral production, the revenue it will derive through the sale of product exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.</p> <p>Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.</p>
<p><b>Government policy changes</b></p>	<p>Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that</p>



Risk Category	Risk
	the current system of exploration and mine permitting in the Northern Territory may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.
<b>Insurance</b>	<p>The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.</p> <p>Insurance of all risks associated with mineral exploration and production is not always available and where available the costs can be prohibitive.</p>
<b>Force Majeure</b>	The Company's existing Project or projects acquired in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.
<b>Litigation</b>	The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, reputation, financial performance and financial position. The Company is not currently engaged in any litigation.

## 5.5 Speculative investment

The risk factors described above, and other risks factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Loyalty Options.

Prospective investors should consider that an investment in the Company is highly speculative.

The Loyalty Options offered under this Prospectus carry no guarantee in respect of value, profitability, dividends, return of capital or the price at which the Shares and Loyalty Options (subject to satisfying ASX of the quotation requirements set out in Chapter 2 of the ASX Listing Rules) may trade on the ASX.

You should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

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## **6. ADDITIONAL INFORMATION**

### **6.1 Litigation**

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

### **6.2 Potential acquisition opportunity**

In line with the Company's business model described in its IPO Prospectus dated 5 October 2022, the Company is in discussions to acquire additional exploration ground prospective for manganese, however, the terms of the acquisition have not yet been finalised and there is no guarantee that a binding acquisition agreement will be executed or that the acquisition will proceed. If the acquisition proceeds, the Company will release full details of the acquisition once a binding acquisition agreement has been signed.

### **6.3 Continuous disclosure obligations**

As set out in the Important Notes Section of this Prospectus, the Company is a disclosing entity for the purposes of section 713 of the Corporations Act. Accordingly, information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

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

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report most recently lodged by the Company with the ASIC;
  - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
  - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

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

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

Date	Description of Announcement
11 April 2023	Becoming a substantial holder
22 March 2023	Exploration Update
10 March 2023	Half Yearly Report and Accounts
31 January 2023	Encouraging results up to 4.1g/t Au and 6.5% Cu
19 January 2023	Exploration Update Amended
19 January 2023	Exploration Update
17 January 2023	Quarterly Activities/Appendix 5B Cash Flow Report
19 December 2022	Becoming a substantial shareholder
19 December 2022	Initial Director's Interest Notices x 3
16 December 2022	DES Welcomes Cornerstone Battery Metals Investor
16 December 2022	DES Commences Trading on ASX
14 December 2022	Pre-Quotation Disclosure
14 December 2022	Top 20 Holders
14 December 2022	Distribution Schedule
14 December 2022	Securities Trading Policy
14 December 2022	Corporate Governance Statement
14 December 2022	Employee Incentive Securities Plan

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

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

#### 6.4 Market price of Shares

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

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

	(\$)	Date
Highest	\$0.195	31 January 2023
Lowest	\$0.10	20 March 2023 and 6 April 2023
Last	\$0.14	14 April 2023

Whilst it is intended that the Loyalty Options will be quoted there is no current market or trading history for the Loyalty Options. It is not possible to predict what the value of Options or Shares will be following the Offer and the Directors do not make any representations as to such matters.

The last trading price of Shares on ASX prior to the Prospectus being lodged of \$0.14 per Share is not a reliable indicator as to the potential trading price of the Loyalty Options or Shares after implementation of the Offer.

## **6.5 Interests of Directors**

Other than as set out in this Prospectus, no Director or proposed director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director:

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

### ***Security holdings***

The relevant interest of each of the Directors in the Securities as at the date of this Prospectus, together with their respective Entitlement, is set in Section 1.3.

### ***Remuneration***

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$150,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or

otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

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

Director	Remuneration for the year ended 30 June 2022 <sup>1</sup>	Proposed remuneration for the year ending 30 June 2023
Paul Roberts	Nil	\$53,333
Barry Murphy	Nil	\$33,333
Christopher Swallow	Nil	\$166,667

**Notes:**

1. The Company was incorporated on 1 April 2022.

## 6.6 Interests of experts and advisers

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

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

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

- the formation or promotion of the Company;
- any property acquired or proposed to be acquired by the Company in connection with:
  - its formation or promotion; or
  - the Offer; or
- the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- the formation or promotion of the Company; or
- the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$10,000 (excluding GST and disbursements) for these services. During the 24 months preceding

lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$151,497.57 (excluding GST and disbursements) for legal services provided to the Company.

## 6.7 Consents

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

Each of the parties referred to in this Section:

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

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus.

## 6.8 Expenses of the Offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$19,435 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	3,229
Legal fees	10,000
Printing and distribution	1,500
Miscellaneous	1,500
<b>Total</b>	<b>19,435</b>

## 6.9 Directors' Authorisation

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

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



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**Paul Roberts**  
**Non-Executive Chairperson**  
**DESOTO RESOURCES LIMITED**

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## 7. GLOSSARY

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

**Application Form** means an application form either attached to or accompanying this Prospectus.

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

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

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

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

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

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

**Closing Date** means the date specified in the timetable set out at Section 1 (unless extended).

**Company** means DeSoto Resources Limited (ACN 658 510 242).

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

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

**CRN** means Customer Reference Number in relation to BPAY®.

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

**Eligible Shareholder** means a Shareholder as at the Record Date who is eligible to participate in the Offer.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Loyalty Option** means an Option issued on the terms set out in Section 4.1.

**Offer** means the non-renounceable entitlement issue the subject of this Prospectus.

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

**Option** means an option to acquire a Share.

**Prospectus** means this prospectus.

**Record Date** means the date specified in the timetable set out at Section 1.



**Section** means a section of this Prospectus.

**Securities** means Shares, Options and/or Performance Rights as the context requires.

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

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

**Shortfall** means the Loyalty Options not applied for under the Offer (if any).

**Shortfall Offer** means the offer of the Shortfall Options on the terms and conditions set out in Section 2.4.

**Shortfall Options** means those Loyalty Option not applied for under the Offer (if any) and offered pursuant to the Shortfall Offer.

**WST** means Western Standard Time as observed in Perth, Western Australia.