



Prospectus

For an offer of 25,000,000 Shares at an issue price of A\$0.20 each to raise A\$5,000,000

This Prospectus has been issued to provide information on the offer of 25,000,000 Shares to be issued at a price of A\$0.20 per Share to raise a total of A\$5,000,000 (before costs).

It is proposed that the Offer will close at 5.00pm (WST) on 26 September 2017. The Directors reserve the right to close the Offer earlier or to extend this date without notice. Applications must be received before that time.

This is an important document and requires your immediate attention. It should be read in its entirety. Please consult your professional adviser(s) if you have any questions about this document.

Investment in the Shares offered pursuant to this Prospectus should be regarded as highly speculative in nature, and investors should be aware that they may lose some or all of their investment. Refer to Section 5 for a summary of the key risks associated with an investment in the Shares.

Lead Manager:



PAC Partners Pty Ltd is a Corporate Authorised Representative
of PAC Asset Management Pty Ltd holder of an
Australian Financial Services Licence (AFSL No. 335 374).

Important Notice

This Prospectus is dated, and was lodged with ASIC on 21 August 2017. Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The expiry date of this Prospectus is 5.00pm WST on that date which is thirteen (13) months after the date this Prospectus was lodged with ASIC. No Shares will be issued on the basis of this Prospectus after that expiry date.

Application will be made to ASX within seven (7) days of the date of this Prospectus for Official Quotation of the Shares the subject of the Offer.

No person is authorised to give any information or to make any representation in connection with the Offer, other than as is contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offer.

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

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus. In such circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications under this Prospectus will not be processed by the Company until after the Exposure Period. No preference will be conferred upon Applications received during the Exposure Period.

Electronic Prospectus and Application Forms

This Prospectus will generally be made available in electronic form by being posted on the Company's website at www.lustrumminerals.com.au. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the relevant Application Form (free of charge) from the Company's Australian registered office during the Offer Period by contacting the Company. Contact details for the Company and details of the Company's Australian registered office are detailed in the Corporate Directory. The Offer constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus and relevant Application Form within Australia.

Applications will only be accepted on the relevant Application Form attached to, or accompanying, this Prospectus or in its paper copy form as downloaded in its entirety from www.lustrumminerals.com.au. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

Prospective investors wishing to subscribe for Shares under the Offer should complete the Application Form. If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

Website

No document or information included on the Company's website is incorporated by reference into this Prospectus.

Foreign Investors

No action has been taken to register or qualify the Shares the subject of this Prospectus, or the Offer, or otherwise to permit the public offering of the Shares, in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this Prospectus outside of Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

Speculative Investment

The Shares offered pursuant to this Prospectus should be considered highly speculative. There is no guarantee that the Shares offered pursuant to this Prospectus will make a return on the capital invested, that dividends will be paid on the Shares or that there will be an increase in the value of the Shares in the future.

Prospective investors should carefully consider whether the Shares offered pursuant to this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Refer to Section 5 for details relating to the key risks applicable to an investment in the Shares.

Using this Prospectus

Persons wishing to subscribe for Shares offered by this Prospectus

should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses, and prospects of the Company and the rights and liabilities attaching to the Shares offered pursuant to this Prospectus. If persons considering subscribing for Shares offered pursuant to this Prospectus have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser for advice.

Privacy Statement

To apply for Shares you will be required to provide certain personal information to the Company and the Share Registry. The Company and the Share Registry will collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration. The Corporations Act and taxation law requires some of this personal information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes detailed in this Privacy Statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public

register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with its legal and regulatory requirements.

Forward-Looking Statements

This Prospectus contains forward-looking statements which are identified by words such as "believes", "estimates", "expects", "targets", "intends", "may", "will", "would", "could", or "should" 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 management of the Company. Key risk factors associated with an investment in the Company are detailed in Section 5. These and other factors could cause actual results to differ materially from those expressed in any 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.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in 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.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Currency

All financial amounts contained in this Prospectus are expressed as Australian currency unless otherwise stated. Conversions may not reconcile due to rounding. All references to "\$" or "A\$" are references to Australian dollars.

Time

All references to time in this Prospectus are references to WST, being the time in Perth, Western Australia, unless otherwise stated.

Glossary

Defined terms and abbreviations used in this Prospectus are detailed in the glossary in Section 11.

Corporate Directory

Directors

Mr David Prentice, Non-Executive
Chairman

Mr Josh Puckridge, Executive Director

Ms Loren King, Non-Executive
Director

Company Secretary

Ms Loren King

Registered Office

Suite 9, 330 Churchill Avenue,
Subiaco, Western Australia

Lead Manager

PAC Partners Pty Ltd,
Level 10, 330 Collins Street,
Melbourne, Victoria

Corporate Adviser

Cicero Advisory Services Pty Ltd,
Suite 9 330 Churchill Avenue,
Subiaco, Western Australia

Share Registry *

Automic Pty Ltd,
Level 3, 50 Holt Street, Surry Hills,
New South Wales

Auditor

HLB Mann Judd,
Level 4, 130 Stirling Street, Perth,
Western Australia

Investigating Accountant

HLB Mann Judd,
Level 4, 130 Stirling Street, Perth,
Western Australia

Independent Geologist

Zephyr Consulting Group Pty Ltd,
Suite 9, 330 Churchill Avenue,
Subiaco, Western Australia

Legal Advisor to the Offer

Eaton Hall, Corporate & Commercial
Lawyers, Level 25, 108 St Georges
Terrace, Perth, Western Australia

Legal Advisor Reporting on Tenements

McCullough Robertson
Suite 11, 66 Eagle Street, Brisbane,
Queensland

Proposed Stock Exchange Listing

Australian Securities Exchange (ASX)
Proposed ASX Code: LRM

* This entity has been included for information purposes only. It has not been involved in the preparation of this Prospectus.

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Indicative Timetable

Lodgement of Prospectus with ASIC	21 August 2017
Opening date of the Offer	29 August 2017
Closing date of the Offer	26 September 2017
Despatch of holdings statements	3 October 2017
Expected date for quotation on ASX	10 October 2017

Letter from the Chairman

Dear Investor

On behalf of the board of Lustrum Minerals Ltd (**Company**), I am pleased to present this Prospectus and to invite you to become a shareholder in the Company.

The Group has agreed to purchase a 100% interest in Consuelo Coal Holdings Pty Ltd (ACN 616 836 036) which, in turn, has agreed to purchase a 100% interest in:

- CFR Consuelo Pty Ltd (ACN 161 354 810);
- ICX Consuelo Pty Ltd (ACN 161 354 32);
- CFR Consuelo 2318 Pty Ltd (ACN 166 610 019);
- ICX Consuelo 2318 Pty Ltd (ACN 166 611 472); and
- Consuelo Coal EPC 2327 Pty Ltd (ACN 617 716 720),

(together, the **Consuelo Subsidiaries**).

The Consuelo Subsidiaries own the Consuelo Project, which comprises 3 granted exploration permits for coal in the Bowen Basin in Queensland.

The Company has agreed to acquire the Consuelo Project for its potential for coal.

Based on historical drill results the Company believes that all Tenements are in a favourable geological and structural environment with potential, given normal exploration risk, for providing positive results.

The purpose of the Offer is to raise A\$5,000,000 (before associated costs) by the issue of 25,000,000 Shares at an issue price of A\$0.20 each.

The proceeds of the Offer will be primarily utilised to enable the Company to undertake a works programme and for new project investigations and opportunities.

This Prospectus contains detailed information about the Company, the Tenements it owns and the risks of participating in a speculative investment of this nature. Potential investors in the Company should carefully consider those risks (detailed in Section 5).

We look forward to welcoming you as a Shareholder of Lustrum Minerals Ltd should you decide to take up Shares pursuant to the Offer.

Yours faithfully



David Prentice
Non-Executive Chairman

Investment Overview

Topic	Summary	More Information
A. Company and Business Overview		
Who is issuing this Prospectus?	Lustrum Minerals Ltd (ACN 609 594 005) (Company) is issuing this Prospectus.	See Section 2.
What does the Company do?	<p>The Company was incorporated on 1 December 2015 for the primary purpose of identifying exploration projects in Australia and overseas with the aim of discovering commercially significant mineral deposits.</p> <p>The Company's primary exploration focus will be on coal in the Bowen Basin in Queensland.</p> <p>The Company has entered into an agreement to acquire 100% of the issued share capital in Consuelo from the Consuelo Shareholders (Consuelo Agreement).</p> <p>Separately, Consuelo has entered into an agreement to acquire 100% of the issued share capital in the Consuelo Subsidiaries from Kontrarian (Consuelo Subsidiary Agreement).</p> <p>Together, the Consuelo Subsidiaries are the sole registered holders of the Consuelo Project.</p> <p>The Consuelo Agreement remains conditional upon the Company receiving written confirmation from ASX that ASX will grant conditional approval to admit the Company to the official list of ASX, on terms acceptable to the Company.</p> <p>The condition must be satisfied on or before 1 December 2017 or such other date agreed in writing between the parties.</p> <p>The consideration payable under the Consuelo Agreement is:</p> <ul style="list-style-type: none"> • up to A\$500,000 for reimbursement of expenditure incurred by the Consuelo Shareholders in developing the Consuelo Project, with such amount to be the amount approved by ASX if required for the purposes of Listing Rule 1.1 Condition 11 (Reimbursement Amount); • Shares to the value of A\$2 million minus the Reimbursement Amount; • 15,000,000 Class A Performance Shares; • 15,000,000 Class C Performance Shares; and • 30,000,000 Shares as Deferred Consideration. 	See Section 2.
What are the Company's financial prospects and position?	The Group has only recently begun its current business of identifying exploration projects and therefore has a very limited operating history in relation to this business.	See Section 4.

Topic	Summary	More Information
	<p>As at 28 February 2017, the Group has:</p> <ul style="list-style-type: none"> • a cash balance of A\$259,316; • total assets of A\$377,882; • net assets of A\$375,859; and • shareholders' equity of A\$375,859. 	
What are the Company's major assets?	<p>The Company has agreed to purchase 100% of the issued capital in Consuelo, which has agreed to purchase 100% of the issued share capital in the Consuelo Subsidiaries.</p> <p>Together, the Consuelo Subsidiaries are the registered owners of 100% of the following granted exploration permits for coal in Queensland:</p> <ul style="list-style-type: none"> • EPC 2332; • EPC 2318; and • EPC 2327. 	See Section 2.
Why is the Company seeking to raise funds?	<p>The Consuelo Project is at the exploration stage and therefore an investment in the Company is inherently speculative and involves a high degree of risk.</p> <p>Although limited, previous exploration over the ground covered by the Tenements has proved the existence of coal within the Consuelo Project. Accordingly, the Company has designed appropriate work programmes to define further coal mineralisation focussing primarily on drilling and sample evaluation.</p> <p>The Company intends to use the funds raised from the Offer primarily to conduct these work programmes.</p> <p>Based on historical drill results, the Company believes that all Tenements are in a favourable geological and structural environment with potential, given normal exploration risk, for providing positive results.</p> <p>The Company's ability to generate revenue in the future will depend upon the success of the Company's exploration activities on the Tenements, or any other tenements that may be acquired in the future, and the Company's ability to successfully exploit any minerals that may be discovered on the Tenements, or any other tenements that may be acquired in the future.</p>	See Sections 1.4, 1.5 and 1.6.
What will be the focus of the Company's investment activities and how will it determine which investments it makes?	<p>The Company intends to use the funds raised from the Offer primarily to conduct its works programmes.</p> <p>The Company may also seek to acquire interests in other resource projects which have a focus on coal.</p>	See Section 1.4.

Topic	Summary	More Information
What are the details of the Consuelo Agreement?	<p>The parties to the Consuelo Agreement are the Company and the Consuelo Shareholders.</p> <p>By this agreement, the Company intends to purchase all of the shares in Consuelo.</p> <p>Completion under this agreement is intended to occur simultaneously with completion under the Consuelo Subsidiary Agreement.</p> <p>The details of the consideration payable to each Consuelo Shareholder is set out in Section 6.1.</p>	See Section 6.1.
What are the details of the Consuelo Subsidiary Agreement?	<p>The parties to the Consuelo Subsidiary Agreement are Consuelo and Kontrarian.</p> <p>By this agreement, Consuelo intends to purchase all of the shares in the Consuelo Subsidiaries.</p> <p>Completion under this agreement is intended to occur simultaneously with completion under the Consuelo Agreement.</p> <p>The details of the consideration payable to Kontrarian is set out in Section 6.1.</p>	See Section 6.1.
Will the Company hold cash?	Following completion of the Offer, the Company will hold approximately A\$4,629,893 in cash.	See Section 4.
Will the Executive Director charge the Company a management fee?	The Company will pay the Executive Director, Mr Josh Puckridge, an annual fee of A\$80,000.	See Section 6.1.
Will the Company pay dividends?	<p>The Company anticipates that significant expenditure will be incurred in the evaluation and development of the Company's project. These activities, together with the possible acquisition of interests in other projects, are expected to dominate the 2 year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.</p> <p>The Directors can provide no guarantee as to the future dividend policy, the extent of future dividends or the level of franking or imputation credits applying to such dividends, as these will depend on, among other things, the actual levels of profitability and the financial and taxation position of the company at the time.</p>	See Section 1.16.
B. Key Risks		
What are the key risks of investing in the Company	<p>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 securities of the Company.</p> <p>The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly</p>	See Section 5.

Topic	Summary	More Information
	<p>unpredictable and the extent to which they can effectively manage them is limited.</p> <p>Set out below are specific risks that the Company is exposed to.</p> <ul style="list-style-type: none"> <p>• Limited history</p> <p>The Company was only incorporated on 1 December 2015 and has no operating history and limited historical financial performance.</p> <p>Exploration has previously been conducted on the area of land the subject of the Tenements, however, the Company is yet to conduct its own exploration activities and will not commence these activities until the Company has been admitted to the Official List. No assurance can be given that the Company will achieve commercial viability through the successful exploration and/or mining of the Tenements.</p> <p>• Exploration success</p> <p>The Tenements are at an early exploration stage. There is not presently a JORC Code compliant resource in relation to the Tenements. Potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of the Tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.</p> <p>Until the Company is able to realise value from the Tenements, or any other tenements that may be acquired in the future, it is likely to incur ongoing operating losses.</p> <p>• Manager</p> <p>The success and profitability of the Company will largely depend on the ability of the Executive Director who is primarily responsible for devising and implementing the Company's exploration strategy.</p> <p>The Company is exposed to the risk that the Executive Director may fail to make suitable decisions in relation to the exploration strategy. In addition, the Company is exposed to the risk that the Executive Director ceases to be involved with the Company in an executive capacity, and as a result, ceases to manage the Company's operations.</p> <p>• Land access</p> <p>All land the subject of the Tenements overlaps Crown land which has been leased pursuant to two pastoral leases and one reserve lease. Further details are provided in the Legal</p> 	

Topic	Summary	More Information
	<p>Report on Tenements set out in Section 9 of this Prospectus.</p> <p>Although the Company will be able to undertake its proposed activities on those parts of the granted Tenements not covered by the prohibitions and travel across those parts of the Tenements to which the restrictions do not apply immediately upon listing on ASX, the Company may need to enter into access and compensation agreements with the occupiers of the Crown land upon commencement of those activities in the event further activities are or access is required on other areas of the Tenements which are subject to prohibitions or restrictions.</p> <ul style="list-style-type: none"> • Funding <p>At the date of this Prospectus, the Company has no income producing assets and will generate losses for the foreseeable future. Until it is able to develop a project and generate appropriate cash flow, it is dependent upon being able to obtain future equity debt funding to support long term exploration, after the expenditure of the net proceeds raised under the Offer.</p> <p>Any additional equity funding will dilute existing Shareholders.</p> <p>Also, no guarantee or assurance can be given as to when a project can be developed to the stage where it will generate cash flow. As such, a project would be dependent on many factors, for example exploration success, subsequent mine development, commissioning and operational performance.</p> • Illiquidity <p>A significant number of the 5,000,001 Shares on issue prior to the completion of the Offer, and up to 7,500,000 Shares, 15,000,000 Class A Performance Shares, 15,000,000 Class C Performance Shares and up to 30,000,000 Shares as Deferred Consideration to be issued to the Consuelo Shareholders (which constitutes up to approximately 75% of the total Shares on issue on completion of the Offer assuming full subscription and achievement of the milestones for the Class A Performance Shares and Class C Performance Shares) will either be classified as restricted securities by the ASX and therefore be escrowed.</p> <p>This may cause a liquidity risk for the Shares given a large percentage of the Shares may not be traded for up to 24 months. Furthermore, there is no guarantee that there will be an ongoing liquid market for Shares.</p> • Acquisition risk <p>The Company's proposed objectives involve</p> 	

Topic	Summary	More Information
	<p>acquiring and developing resource projects at various stages of development. The Directors of the Company will use their expertise and experience in the resources sector to assess the value and merit of potential projects that are likely to provide returns for Shareholders. However, there can be no guarantee that any new project may result in any return for the Company and its Shareholders.</p> <p>The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company and you should refer to the additional risk factors in Section 6 of this Prospectus before deciding whether to apply for Shares pursuant to this Prospectus.</p>	
C. Summary of the Offer		
What is the Offer and what are its key terms?	The Company is offering 25,000,000 Shares at an issue price of \$0.20 per Share to raise A\$5,000,000.	See Section 1.1.
What is the effect of the Offer on the capital structure of the Company?	<p>The Shares issued under the Offer will represent approximately 25% of the enlarged issued share capital of the Company following the Offer (on a fully diluted basis).¹</p> <p>Following the Offer, assuming they do not participate in the Offer, Kontrarian, Twentieth Century and Station Nominees, may have significant voting power in the Company following completion of the Offer. More specifically, the approximate percentage voting power of Kontrarian will be 50%, the approximate percentage voting power of Twentieth Century will be 12% and the approximate percentage voting power of Station Nominees will be 8%.²</p>	See Section 1.7.
Is the Offer underwritten?	The Offer is not underwritten.	See Section 1.17.
D. Directors and Related Party Interests and Arrangements		
Who are the officers, and what is their expertise and experience?	<p>Mr David Prentice, Non-Executive Chairman</p> <p>David is a senior resources executive with 25 plus years domestic and international experience. David started his career working in commercial and business development roles within the resources sector working for some of Australia's most successful gold and nickel exploration and production companies. During the last 12 years David has gained international oil and gas exploration and production sector experience (with a specific focus on the Mid-Continent region of the United States)</p>	See Section 3.1.

¹ Assuming that all Shares, Class A Performance Shares, Class C Performance Shares and Deferred Consideration under the Consuelo Agreement have been issued, and all Class A Performance Shares and Class C Performance Shares have been converted, and assuming A\$500,000 of expenditure is not reimbursed to Kontrarian.

² Assuming that all Shares, Class A Performance Shares, Class C Performance Shares and Deferred Consideration under the Consuelo Agreement have been issued, and all Class A Performance Shares and Class C Performance Shares have been converted, and assuming A\$500,000 of expenditure is not reimbursed to Kontrarian.

Topic	Summary	More Information
	<p>working in both executive and non-executive director roles with Australian publicly traded companies. David is a director of Brookside Energy Limited (ASX: BRK) and a non-executive director of Black Mesa Production, LLC.</p> <p>Mr Josh Puckridge, Executive Director</p> <p>Mr Puckridge is a Corporate Finance Executive formerly working as specialist Equity Capital Markets Advisor for Fleming Australia, a Corporate Advisory and Funds Management firm based in Perth, Western Australia. He has significant experience within fund management, capital raising, mergers, acquisitions and divestments of projects by companies listed on the Australian Securities Exchange.</p> <p>Formerly Executive Director and Chief Executive of Discovery Resources Limited (ASX: DIS) he was also a founding Director of Windward Resources Limited (ASX: WIN), seeding and listing the Company and retiring as a Director on the completion of the Company's acquisition of its Fraser Range North project and its \$11m capital raise.</p> <p>Mr Puckridge was a Non-Executive Director of Alcidion Group Limited (formerly, Naracoota Resources Limited) (ASX: ALC) and TopTung Limited (ASX: TTW) and recently was Executive Director of Red Gum Resources Limited (ASX: RGX) which acquired a security personnel business and is now MCS Services Limited (ASX: MSG) of which Mr Puckridge is now a Non-Executive Director. Mr Puckridge is also non-executive director of Silver City Minerals Limited (ASX: SCI), non-executive Chairman of Blaze International Limited (ASX: BLZ) and executive Chairman of Fraser Range Metals Group Limited (ASX: FRN).</p> <p>Ms Loren King, Non-Executive Director and Company Secretary</p> <p>Ms King has worked in finance and administration roles with ASX listed companies, stock broking and corporate advisory services for the past 10 years. During this time she has gained invaluable experience in dealing with all aspects of corporate governance and administration, specialising in initial public offerings (IPO), project management and backdoor listings. Her strengths in corporate governance and compliance, transaction negotiation and management, merger and acquisition, IPO and private capital raising and business development have served several boards well.</p> <p>As well as being a Partner at and Company Secretary of the Cicero Group, Mrs King holds the positions of Non-Executive Director and Company Secretary at both Brookside Energy Limited (ASX: BRK) and Blaze International Limited (ASX: BLZ). Additionally, Ms King currently serves as the Company Secretary of Wangle Technologies Limited (ASX: WGL), Fraser Range Metals Group Limited (ASX: FRN), Property Connect Holdings Limited (PCH) and Aphex Minerals Pty Ltd. Past Non-Executive Director and/or Company Secretarial positions include Intiger Group</p>	

Topic	Summary	More Information
	<p>Limited (AIM), ZipTel Limited (ASX: ZIP), MMJ Phytotech Limited (ASX: MMJ) and Alcidion Group Limited (ALC).</p> <p>Ms King has a Bachelor of Psychology, is a Fellow Member of the Governance Institute of Australia holding a Graduate Diploma of Applied Corporate Governance and has a Certificate IV in Financial Services (Bookkeeping).</p>	
What benefits are being paid to Directors?	<p>The Directors will be remunerated as follows:</p> <ul style="list-style-type: none"> Mr Prentice as Non-Executive Chairman is remunerated via the payment of director's fees of A\$40,000 per annum by the Company; Mr Puckridge as Executive Director is remunerated via the payment of executive director's fees of A\$80,000 per annum by the Company; and Ms King as Non-Executive Director is remunerated via the payment of director's fees of A\$40,000 per annum by the Company. 	See Section 7.
What important contracts with related parties is the Company a party to?	<p>In addition to the Consuelo Agreement which is described above, the Company has entered into the following arrangements with related parties:</p> <ul style="list-style-type: none"> the agreement with Cicero Corporate, of which Ms Loren King is a shareholder, for administration services to the Company, which was negotiated on an arms-length basis and contains commercial terms which are no less favourable to the Company than those that would be offered by a third party; the agreements with each of the Directors for their engagement as Directors; and the agreements with each of the Directors for their insurance and indemnity by the Company for liabilities incurred as directors, and access from the Company to certain company records for the purposes of defending any actions against them as directors. 	See Section 6.1.
What interests do Directors have in the securities of the Company?	<p>Mr Prentice holds 100,000 Shares in the Company, which were issued pursuant to the Seed Raising.</p> <p>Ms King does not own any securities of the Company. However, Ms King's husband holds 125,000 Shares in the Company, which were issued pursuant to the Seed Raising.</p> <p>Mr Puckridge does not own or otherwise have an interest in the securities of the Company.</p>	See Section 7.
E. Application and Other Information		
Who is eligible to participate in the Offer?	The Offer is open to all investors with a registered address in Australia.	See Section 1.14.

Topic	Summary	More Information
How do I apply for Shares?	<p>Complete the hard copy of the Application Form accompanying the hard copy of this Prospectus and mail or hand deliver the completed Application Form with cheque or bank draft to the Share Registry at the relevant address shown on the Application Form so it is received before 5.00pm (WST) on the Closing Date.</p> <p>Applicants in Australia may also apply for Shares by applying online at https://investor.automic.com.au/lustrumminerals.html. An Applicant must comply with the instructions on the website. An Applicant paying the Application Monies by BPAY® must use the unique BPAY® Customer Reference Number provided.</p>	See Section 1.9 and the Application Form.
What is the allocation policy?	The Directors will allocate Shares at their sole discretion with a view to ensuring an appropriate Shareholder base for the Company going forward.	See Section 1.12.
What is the cost of the Offer?	The expenses of the Offer are estimated to be approximately A\$627,400.	See Section 7.6.
F. Further Information		
How can I obtain further information?	Further information can be obtained by reading this Prospectus and consulting your professional advisors. You can also contact the Company on +61 8 6489 1600 for further details.	Corporate Directory.
Company contact	You can contact the Company Secretary on +61 8 6489 1600 for further details.	Corporate Directory.

1. DETAILS OF OFFER

1.1 The Offer

This Prospectus invites investors to apply for 25,000,000 Shares at an issue price of A\$0.20 each to raise A\$5,000,000 (before associated costs).

All Shares offered under this Prospectus will rank equally with the existing Shares on issue. Refer to Section 6.2 for details of the rights attaching to Shares.

1.2 Minimum Subscription

The minimum total subscription under the Offer is A\$5,000,000 (being 25,000,000 Shares) (**Minimum Subscription**).

None of the Shares offered under this Prospectus will be issued if Applications are not received for the Minimum Subscription. Should Applications for the Minimum Subscription not be received within three months from the date of this Prospectus, the Company will either repay the Application Monies (without interest) to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).

1.3 Arrangement with Lead Manager

PAC Partners Pty Ltd has agreed to act as Lead Manager to the Offer and to manage the Offer. A summary of the Lead Manager Agreement is provided at Section 6.1(c) of this Prospectus.

1.4 Objectives of the Company

The Company's main objectives upon completion of the Offer are to:

- (a) commence a works program to define further coal mineralisation on the Tenements, focusing primarily on drilling and metallurgical evaluation;
- (b) progress evaluation on the Tenements to a stage at which a JORC Code resource estimate may be determined; and
- (c) continue to seek, evaluate, review and if appropriate acquire interests in resource based projects with a focus on coal.

1.5 Purpose of Prospectus

The purpose of this Prospectus is to:

- (a) raise A\$5,000,000 pursuant to the Offer (assuming the Offer is fully subscribed);
- (b) assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for admission to the Official List; and

- (c) position the Company to seek to achieve the objectives detailed in Section 1.4.

1.6 Funding Allocation

As at 28 February 2017, the Company had cash reserves of approximately A\$259,316 (refer to Section 4 for further details). The Company recently raised an additional amount of approximately A\$500,000 via the Seed Raising. As at the date of this Prospectus the Company has cash reserves of approximately A\$197,864.

The Board believes that its current cash reserves and the funds raised from the Offer will provide the Company with sufficient working capital to achieve its stated objectives as detailed in this Prospectus.

The following table shows the expected use of funds in the two year period following admission of the Company to the Official List across three different scenarios (each a function of the amount of monies raised by way of the Offer):

Item	A\$	%
Cash reserves as at the date of this Prospectus	197,864	3.8%
Funds raised from the Offer	5,000,000	96.2%
Total funds available	5,197,864	100%
Expenses of the Offer	627,400	12.1%
Exploration Program Costs	3,000,000	57.7%
Acquisition Costs and refundable deposit	500,000	9.6%
Administration costs	350,000	6.7%
Working capital	720,464	13.9%
Total funds allocated	5,197,864	100%

Shareholders should note that the above estimated expenditures will be subject to modification on an ongoing basis depending on the results obtained from the Company's activities. Due to market conditions, the development of new opportunities (in respect of the Company's business) and/or any number of other factors (including the risk factors outlined in Section 5), actual expenditure levels may differ significantly to the above estimates.

1.7 Capital Structure

Prior to the issue of shares under the Offer, the capital structure of the Company is as follows:

Name	Number of Shares
Founding shareholder	1
Seed investors	5,000,000

Following the issue of shares under the Offer, the capital structure outlined above will be impacted as follows (on an undiluted basis):

Name	Number of Shares	Percentage of Shares (undiluted)³
Kontrarian	10,000,000 ⁴	25%
Twentieth Century Motor Company Pty Ltd as trustee for the Twentieth Century Motor Company Superannuation Fund (TCMC)	0	0%
Station Nominees Pty Ltd as trustee for the Station Superannuation Fund (Station Nominees)	0	0%
Founding and seed investors	5,000,001	12.5%
IPO investors	25,000,000	62.5%
Total:	40,000,001	100%

Following the issue of shares under the Offer, the capital structure outlined above will be impacted as follows (on a fully diluted basis):

Name	Number of Shares	Percentage of Shares (fully diluted)⁵
Kontrarian	50,000,000 ⁶	50%
Twentieth Century Motor Company Pty Ltd as trustee for the Twentieth Century Motor Company Superannuation Fund (TCMC)	12,000,000	12%
Station Nominees Pty Ltd as trustee for the Station Superannuation Fund (Station Nominees)	8,000,000	8%
Founding and seed investors	5,000,001	5%
IPO investors	25,000,000	25%
Total:	100,000,001	100%

³ Assuming that all Shares, Class A Performance Shares and Class C Performance Shares under the Consuelo Agreement have been issued, all Shares under the Offer have been issued, however that no Class A Performance or Class C Performance Shares have been converted, and assuming A\$500,000 of expenditure is not reimbursed to Kontrarian.

⁴ Assuming A\$500,000 of expenditure is not reimbursed in cash to Kontrarian.

⁵ Assuming that all Shares, Class A Performance Shares, Class C Performance Shares and Deferred Consideration under the Consuelo Agreement have been issued, and all Class A Performance Shares and Class C Performance Shares have been converted, and assuming A\$500,000 of expenditure is not reimbursed to Kontrarian.

⁶ Assuming that all Shares, Class A Performance Shares, Class C Performance Shares and Deferred Consideration under the Consuelo Agreement have been issued, and all Class A Performance Shares and Class C Performance Shares have been converted, and assuming A\$500,000 of expenditure is not reimbursed to Kontrarian.

1.8 Forecasts

Due to the speculative nature of the Company's activities, and the very limited operating and financial history of the Group, there are significant uncertainties associated with forecasting future revenues (if any) from the Company's proposed activities.

The Directors have considered the matters detailed 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.

The Directors consequently believe that, given these inherent uncertainties, it is not possible to include reliable forecasts in this Prospectus.

Refer to Section 2 for further information in respect to the Company's proposed activities.

1.9 How to Apply

Complete the hard copy of the Application Form accompanying the hard copy of this Prospectus and mail or hand deliver the completed Application Form with cheque or bank draft to the Share Registry at the relevant address shown on the Application Form so it is received before 5.00pm (WST) on the Closing Date.

By Post To:	Delivered To:
Lustrum Minerals Ltd C/- Automic Pty Ltd PO Box 2226, Strawberry Hills NSW 2012	Lustrum Minerals Ltd C/- Automic Pty Ltd Level 3, 50 Holt Street, Surry Hills NSW 2010

Applicants in Australia may also apply for Shares by applying online at <https://investor.automic.com.au/lustrumminerals.html>. An Applicant must comply with the instructions on the website. An Applicant paying the Application Monies by BPAY® must use the unique BPAY® Customer Reference Number provided.

Applications must be for a minimum of 10,000 Shares (i.e. A\$2,000) and, thereafter, in multiples of 1,000 Shares (i.e. A\$200). Applications for less than the minimum accepted Application of 10,000 Shares will not be accepted.

An original completed and lodged Application Form (or a paper copy of the Application Form from the Electronic Prospectus), together with a cheque for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not have to be signed to be a valid Application. An Application will be deemed to have been accepted by the Company upon allotment of the Shares.

The Offer may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Offer or accept late Applications.

1.10 CHESS

The Company will apply to CHESS. The Company will operate an electronic CHESS sub-register and an electronic issue sponsored sub-register. These two sub-registers will make up the Company's register of shares. The Company will not issue certificates to shareholders. Rather, holding statements (similar to bank statements) will be dispatched to shareholders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for shareholders who elect to hold shares on the CHESS sub-register) or by the Company's Share Registry (for shareholders who elect to hold their shares on the issuer sponsored sub-register). The statements will set out the number of Shares allotted under the Prospectus and provide details of a shareholder's Holder Identification Number (for shareholders who elect to hold shares on the CHESS sub register) or Shareholder Reference Number (for shareholders who elect to hold their shares on the issue sponsored sub-register). Updated holding statements will also be sent to each shareholder following the month in which the balance of their shareholding changes, and also as required by the Listing Rules or the Corporations Act.

1.11 ASX Listing and Official Quotation

Within 7 days after the date of this Prospectus, the Company will apply to ASX for admission to the Official List and for the Shares, including those offered by this Prospectus, to be granted Official Quotation (apart from any Shares that may be designated by ASX as restricted securities).

If ASX does not grant permission for Official Quotation within 3 months after the date of this Prospectus (or within such longer period as may be permitted by ASIC) none of the Shares offered by this Prospectus will be allotted and issued. If no allotment and issue is made, all Application Monies will be refunded to Applicants (without interest) as soon as practicable.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

1.12 Allotment

Application Monies will be held in trust for Applicants until the allotment of the Shares. Any interest that accrues will be retained by the Company. No allotment of Shares under this Prospectus will occur unless:

- (a) the Minimum Subscription is achieved (refer to Section 1.2); and
- (b) ASX grants conditional approval for the Company to be admitted to the Official List (refer to Section 1.10).

The Company reserves the right to reject any Application or to issue a lesser number of Shares than those applied for. Where the number of Shares issued

is less than the number applied for, surplus Application Monies will be refunded (without interest) as soon as reasonably practicable after the Closing Date.

Subject to the matters in Section 1.10, Shares under the Offer are expected to be allotted on the Allotment Date. It is the responsibility of Applicants to determine their allocation prior to trading in the Shares issued under the Offer. Applicants who sell Shares before they receive their holding statements do so at their own risk.

1.13 Risk factors of an investment in the Company

Prospective investors should be aware that an investment in the Company should be considered highly speculative and involves a number of risks inherent in the various business segments of the Company. Section 5 details the key risk factors which prospective investors should be aware of. It is recommended that prospective investors consider these risks carefully before deciding whether to invest in the Company.

This Prospectus should be read in its entirety as it provides information for prospective investors to decide whether to invest in the Company. If you have any questions about the desirability of, or procedure for, investing in the Company please contact your stockbroker, accountant or other independent adviser.

1.14 Overseas applicants

No action has been taken to register or qualify the Shares, or the Offer, or otherwise to permit the public offering of the Shares, in any jurisdiction outside of Australia.

The distribution of this Prospectus within jurisdictions outside of Australia may be restricted by law and persons into whose possession this Prospectus comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to his or her Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such law and that all necessary approvals and consents have been obtained.

1.15 Restricted securities

ASX is likely to determine that certain Shares on issue prior to the Offer as well as Shares and performance shares issued as consideration for the acquisition of Consuelo are classified as restricted securities and are required to be held in escrow for up to 24 months from the date of Official Quotation.

During the period in which these Shares (if any) are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the Shares (if any) required to be held in escrow prior to the Shares commencing trading on ASX.

None of the Shares issued pursuant to the Offer are expected to be restricted securities.

1.16 Dividends

The extent, timing and payment of any dividends in the future will be determined by the Directors based on a number of factors, including future earnings and the financial performance and position of the Company.

At the date of issue of this Prospectus, the Company does not intend to declare or pay any dividends in the immediately foreseeable future.

1.17 Underwriting

The Offer is not underwritten.

1.18 Commission

The Company reserves the right to pay a commission of up to 6% (exclusive of GST) of amounts subscribed through any Australian financial services licensee in respect of any Applications lodged and accepted by the Company and bearing the stamp of the Australian financial services licensee. Payment will be made subject to the receipt of a proper tax invoice from the Australian financial services licensee.

1.19 Withdrawal

The Directors may at any time decide to withdraw this Prospectus and the Offer in which case the Company will return all Application Monies (without interest) within 28 days of giving notice of their withdrawal.

1.20 Paper copies of prospectus

The Company will provide paper copies of this Prospectus (including any supplementary or replacement document) and the applicable Application Form to investors upon request and free of charge. Requests for a paper copy from Australian resident investors should be directed to the Company Secretary on +61 8 6489 1600.

1.21 Enquiries

This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser. Enquiries from Australian resident investors relating to this Prospectus, or requests for additional copies of this Prospectus, should be directed to the Company Secretary on +61 8 6489 1600.

2. COMPANY AND INDUSTRY OVERVIEW

2.1 Background

The Company was incorporated on 1 December 2015 for the primary purpose of identifying exploration projects in Australia and overseas with the aim of discovering commercially significant mineral deposits. While the Company's primary exploration focus will be on coal in the Bowen Basin in Queensland via its granted exploration permits for coal, the Company will also review the potential for economic mineralisation of various other commodities.

The Company intends to seek, evaluate, review and if appropriate acquire interests in additional resource based projects with a focus on coal.

2.2 The Group's corporate structure

The Company has agreed to purchase 100% of the shares in Consuelo via the Consuelo Agreement.

Consuelo has in turn agreed to purchase 100% of the share capital in:

- (a) CFR Consuelo Pty Ltd (ACN 161 354 810), which is the registered owner of 80% of exploration permit for coal (EPC) 2332 granted under the Mineral Resources Act;
- (b) ICX Consuelo Pty Ltd (ACN 161 354 329), which is the registered owner of 20% of EPC 2332 granted under the Mineral Resources Act;
- (c) CFR Consuelo 2318 Pty Ltd (ACN 166 610 019), which is the registered owner of 80% of EPC 2318 granted under the Mineral Resources Act;
- (d) ICX Consuelo 2318 Pty Ltd (ACN 166 611 472), which is the registered owner of 20% of EPC 2318 granted under the Mineral Resources Act; and
- (e) Consuelo Coal EPC 2327 Pty Ltd (ACN 617 716 720), which is the registered owner of 100% of EPC 2327 granted under the Mineral Resources Act.

Following its acquisition of the shares in Consuelo, the Group's structure will be made up of the Company, Consuelo and the Consuelo Subsidiaries.

2.3 Coal types, uses and markets

Coal is a carbon-based natural resource consisting of plant matter consolidated in rock strata and altered by pressure and heat over millions of years to form coal seams.

Coal has been primarily utilised since its discovery as a source of energy and for steel making.

It is possible for coal to be mined by open-cut or underground mining depending on the geology of the coal deposit.

Typically, there are two main types of coal: thermal coal and metallurgical coal.

Thermal coal is used primarily as a fuel source for power generation.

Metallurgical coal, otherwise known as coking coal, is used to produce metallurgical coke, an essential raw material in the manufacturing of iron and steel.

2.4 The Bowen Basin

The Bowen Basin is located in Queensland approximately 600 km northwest of Brisbane. It is considered attractive for coal investment due to the superior quality characteristics of the coal resources which have historically been discovered in the region.

The Bowen Basin is a Permian-aged coal-bearing sedimentary basin with an elongated geometry. It has historically proven favourable for mining due to shallow coal cropping along the basin edges and thick seams suitable for underground mining at depth.

2.5 The Consuelo Project

The Consuelo Project is comprised of 3 exploration permits for coal in the Bowen Basin.

The Consuelo Project area is located south of the town of Rolleston in the Bowen Basin in Queensland. The project is approximately 30km by road to a 400km rail link to the port of Gladstone.

The region within which the project is situated is an historic coal mining area, and the Company will acquire the Consuelo Project for its potential for coal.

The Consuelo Project is at the exploration stage and therefore is speculative and involves a high degree of risk. The Company has designed appropriate work programmes to define further mineralisation focussing primarily on drilling and evaluation. The Company intends to use the funds raised from the Offer primarily to conduct these work programmes.

Coal at nearby projects is predominantly hosted in the Bandanna Formation, being the Consuelo Project's target formation.

Historical exploration boreholes in the vicinity of the Consuelo Project have intersected coal seams typically ranging in thickness from 2 to 4 metres.

2D seismic lines which cross the Consuelo Project area and tie in to adjacent tenements owned by third parties indicate potential for coal seams extending for over 2 km.

The Company believes that the Consuelo Project is in a favourable geological and structural environment with potential, given normal exploration risk, for providing positive results.

Based on historical drill results, known mineralisation along strike and geophysical data the Company believes that the Tenements are in a favourable geological and structural environment with potential, given normal exploration risk, for providing positive results.

The Company's ability to generate revenue in the future will depend upon the success of the Company's exploration activities on the Tenements, or any other tenements that may be acquired in the future, and the Company's ability to successfully exploit any minerals that may be discovered on the Tenements, or any other tenements that may be acquired in the future.

More detailed information on the Consuelo Project is included in the Independent Geologists' Report in Section 8 of this Prospectus.

2.6 Business model and project generation

The Company will continue to seek, evaluate, review and if appropriate acquire interests in other resource based projects with a focus on coal. The Company has not yet determined any specific criteria for identification of additional projects.

3. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

3.1 Directors' Profiles

The names and details of the Directors in office as at the date of this Prospectus are:

(a) Mr David Prentice, Non-Executive Chairman

David is a senior resources executive with 25 plus years domestic and international experience. David started his career working in commercial and business development roles within the resources sector working for some of Australia's most successful gold and nickel exploration and production companies. During the last 12 years David has gained international oil and gas exploration and production sector experience (with a specific focus on the Mid-Continent region of the United States) working in both executive and non-executive director roles with Australian publicly traded companies. David is a director of Brookside Energy Limited (ASX: BRK) and a non-executive director of Black Mesa Production, LLC.

(b) Mr Josh Puckridge, Executive Director

Mr Puckridge is a Corporate Finance Executive formerly working as specialist Equity Capital Markets Advisor for Fleming Australia, a Corporate Advisory and Funds Management firm based in Perth, Western Australia. He has significant experience within fund management, capital raising, mergers, acquisitions and divestments of projects by companies listed on the Australian Securities Exchange.

Formerly Executive Director and Chief Executive of Discovery Resources Limited (ASX: DIS) he was also a founding Director of Windward Resources Limited (ASX: WIN), seeding and listing the Company and retiring as a Director on the completion of the Company's acquisition of its Fraser Range North project and its \$11m capital raise.

Mr Puckridge was a Non-Executive Director of Alcidion Group Limited (formerly, Naracoota Resources Limited) (ASX: ALC) and TopTung Limited (ASX: TTW) and recently was Executive Director of Red Gum Resources Limited (ASX: RGX) which acquired a security personnel business and is now MCS Services Limited (ASX: MSG) of which Mr Puckridge is now a Non-Executive Director. Mr Puckridge is also non-executive director of Silver City Minerals Limited (ASX: SCI), non-executive Chairman of Blaze International Limited (ASX: BLZ) and executive Chairman of Fraser Range Metals Group Limited (ASX: FRN).

(c) Ms Loren King, Non-Executive Director and Company Secretary

Ms King has worked in finance and administration roles with ASX listed companies, stock broking and corporate advisory services for the past 10 years. During this time she has gained invaluable experience in dealing with all aspects of corporate governance and administration, specialising in initial public offerings (IPO), project management and backdoor listings. Her strengths in corporate governance and

compliance, transaction negotiation and management, merger and acquisition, IPO and private capital raising and business development have served several boards well.

As well as being a Partner at and Company Secretary of the Cicero Group, Mrs King holds the positions of Non-Executive Director and Company Secretary at both Brookside Energy Limited (ASX: BRK) and Blaze International Limited (ASX: BLZ). Additionally, Ms King currently serves as the Company Secretary of Wangle Technologies Limited (ASX: WGL), Fraser Range Metals Group Limited (ASX: FRN), Property Connect Holdings Limited (PCH) and Aphex Minerals Pty Ltd. Past Non-Executive Director and/or Company Secretarial positions include Intiger Group Limited (AIM), ZipTel Limited (ASX: ZIP), MMJ Phytotech Limited (ASX: MMJ) and Alcidion Group Limited (ALC).

Ms King has a Bachelor of Psychology, is a Fellow Member of the Governance Institute of Australia holding a Graduate Diploma of Applied Corporate Governance and has a Certificate IV in Financial Services (Bookkeeping).

3.2 Senior Management

Following Admission, senior management of the Company will be as it is at present. Other than the Executive Director, Mr Josh Puckridge, the Company will not have any other key senior management members.

3.3 ASX Corporation Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the Company's policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current Board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are detailed below. The Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website at www.lustrumminerals.com.au.

(a) Board of Directors

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. Clearly articulating the division of responsibilities between the Board and

management will help manage expectations and avoid misunderstandings about their respective roles and accountabilities.

In general, the Board assumes (amongst others) the following responsibilities:

- (i) providing leadership and setting the strategic objectives of the Company;
- (ii) appointing and when necessary replacing the Executive Director;
- (iii) approving the appointment and when necessary replacement, of other senior executives;
- (iv) undertaking appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director;
- (v) overseeing management's implementation of the Company's strategic objectives and its performance generally;
- (vi) approving operating budgets and major capital expenditure;
- (vii) overseeing the integrity of the company's accounting and corporate reporting systems including the external audit;
- (viii) overseeing the company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (ix) ensuring that the Company has in place an appropriate risk management framework and setting the risk appetite within which the board expects management to operate; and
- (x) monitoring the effectiveness of the Company's governance practices.

The Company is committed to ensuring that appropriate checks are undertaken before the appointment of a Director and has in place written agreements with each Director which detail the terms of their appointment.

(b) Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. The Board currently consists of an Executive Director (who is not a Shareholder) and two Non-Executive Directors (each of whom is a Shareholder neither of whom is considered independent). As the Company's activities develop in size, nature and scope, the composition of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

(c) Identification and management of risk

The Board's collective experience will assist in the identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(d) Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

(e) Independent professional advice

Subject to the Executive Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(f) Remuneration Committee

The remuneration of any Executive Director will be decided by the Board following the recommendation of the Remuneration Committee, without the affected Executive Director participating in that decision-making process. The Remuneration Committee is currently comprised of both of the Non-Executive Directors and the Executive Director.

The Constitution provides that the Non-Executive Directors will be paid by way of remuneration for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by the Directors prior to the first annual general meeting of the Company or pursuant to a resolution passed at a general meeting of the Company (subject to complying with the Listing Rules).

In addition, subject to any necessary Shareholder approval, a Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director (e.g. non-cash performance incentives such as options).

Directors are also entitled to be paid reasonable travel and other expenses incurred by them in the course of the performance of their duties as Directors.

The Remuneration Committee reviews and approves the Company's remuneration policy in order to ensure that the Company is able to attract and retain executives and Directors who will create value for Shareholders, having regard to the amount considered to be commensurate for an entity of the Company's size and level of activity as well as the relevant Directors' time, commitment and responsibility.

The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(g) Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the Executive Director). The policy generally provides that the written acknowledgement of the Chairman (or the Board in the case of the Chairman) must be obtained prior to trading.

(h) Diversity policy

The Board values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the Company has set in place a diversity policy. This policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the Company's progress in achieving them.

(i) Audit and Risk Committee

The Company has established an Audit and Risk Committee which operates under an Audit and Risk Committee Charter which includes, but is not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and the Company's risk management systems, the identification and management of business, economic, environmental and social sustainability risk and the external audit function. The Audit Committee is currently comprised of the Non-Executive Chairman, the Executive Director and the Non-Executive Director.

(j) External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors following the recommendation from the Audit Committee.

(k) Internal audit

The Company does not have an internal audit function. The Board considers the Audit and Risk Committee and financial control function in conjunction with its risk management policy is sufficient for a Company of its size and complexity.

3.4 Departures from Recommendations

Following admission to the Official List, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are detailed in the table below.

Principles and Recommendation	Explanation for Departure
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>The Board does not currently have a nomination committee.</p> <p>The Board currently performs the role of the nomination committee when required as far as possible in accordance with the charter for that committee.</p>
<p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>The Company does not currently have a skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>
<p>2.4 A majority of the board of a listed entity should be independent directors.</p>	<p>The Company does not currently have majority of, or any, Board members who are independent. More specifically:</p> <ul style="list-style-type: none"> • Mr David Prentice has previously provided consultancy services to Cicero Corporate; • Mr Josh Puckridge is employed in an executive capacity by the Company, and is a senior employee of Cicero Corporate, being a provider of material professional services to the Company; and • Ms Loren King is a senior employee of Cicero Corporate, being a provider of material professional services to the Company.

<p>4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, two of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>The Board does not currently have an audit committee.</p> <p>The Board currently performs the role of the audit committee when required as far as possible in accordance with the charter for that committee.</p>
<p>7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual</p>	<p>The Board does not currently have a risk committee.</p> <p>The Board currently performs the role of the risk committee when required as far as possible in accordance with the charter for that committee.</p>

<p>attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	
<p>7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>The Board does not currently have an internal audit function.</p> <p>In carrying out the role of the audit and risk committee, the Board:</p> <ul style="list-style-type: none"> • monitors the need for a formal internal audit function and its scope; • reviews risk management and internal compliance procedures; and reviews the internal control reports on a quarterly basis.
<p>8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>The Board does not currently have a remuneration committee.</p> <p>The Board currently performs the role of the remuneration committee when required as far as possible in accordance with the charter for that committee.</p>

4. INVESTIGATING ACCOUNTANT'S REPORT

18 August 2017

The Board of Directors
Lustrum Minerals Ltd
Suite 9
330 Churchill Avenue
SUBIACO WA 6008

Dear Sirs

INVESTIGATING ACCOUNTANT'S REPORT - LUSTRUM MINERALS LTD

INTRODUCTION

This Investigating Accountant's Report ("Report") has been prepared for inclusion in a prospectus to be dated on or about 21 August 2017 ("Prospectus") by Lustrum Minerals Ltd ("LML" or "the Company") in relation to the Company's proposed listing on the Australian Securities Exchange ("ASX"), comprising an offer of 25,000,000 fully paid ordinary shares at an issue price of \$0.20 per share to raise \$5,000,000 (before costs) ("Capital Raising" or "Offer").

This Report has been included in the Prospectus to assist potential investors and their financial advisers to make an assessment of the financial position and performance of the Company. All amounts are expressed in Australian dollars and expressions defined in the Prospectus have the same meaning in this Report.

This Report does not address the rights attaching to the shares to be issued in accordance with the Offer, nor the risks associated with accepting the Offer. HLB Mann Judd ("HLB") has not been requested to consider the prospects for the Company, nor the merits and risks associated with becoming a shareholder, and accordingly has not done so, nor purports to do so.

HLB has not made and will not make any recommendation, through the issue of this Report, to potential investors of the Company, as to the merits of the Offer and takes no responsibility for any matter or omission in the Prospectus other than the responsibility for this Report.

Further declarations are set out in Section 6 of this Report.

STRUCTURE OF REPORT

This Report has been divided into the following sections:

1. Background information;
2. Scope of Report;
3. Financial information;
4. Subsequent events;
5. Statements; and
6. Declaration.

1. BACKGROUND INFORMATION

The Company was registered on 1 December 2015 as Lustrum Minerals Ltd ("LML") for the purpose of identifying exploration projects in Australia and overseas with the aim of discovering commercially significant minerals deposits. The Company has had minimal trading activity since registration.

On 20 January 2017, the Company entered into a binding share sale agreement with the owners of Consuelo Coal Holdings Pty Ltd ("Consuelo" or "Consuelo") whereby LML will acquire 100% of the shares on issue in Consuelo upon the Company obtaining conditional approval from ASX for its listing on ASX by way of an Initial Public Offering.

Consuelo was registered on 16 January 2017 and has not traded since registration. Consuelo raised total capital of \$1,000 on registration. Consuelo has agreed to purchase 100% of the shares in CFR Consuelo Pty Ltd, ICX Consuelo Pty Ltd, CFR Consuelo 2318 Pty Ltd, ICX Consuelo 2318 Pty and Consuelo Coal EPC 2327 Pty Ltd, (together, "the Consuelo Subsidiaries" that have the rights to three Exploration Permits (EPC 2332, EPC 2318 and EPC 2327, collectively the "Project") for Coal in the Bowen Basin of Queensland, Australia. The Consuelo Subsidiaries have also not traded since registration.

Further details are outlined in Section 2.5 of the Prospectus.

The proforma consolidated financial information presented in this Report is the historical financial information of the Company for the period ended 28 February 2017, assuming that the proposed transactions set out in Section 3(b) of this Report had been completed as at that date.

The proforma financial information as set out in Appendix 1 has been prepared using a balance date of 28 February 2017 corresponding to the most recently available financial information, as noted above, both LML and Consuelo have had minimal trading activity since registration. For completeness, the audited historical financial information of LML is set out in Appendix 2.

The intended use of the funds raised by the issue of shares under the Prospectus is specified in Section 1.6 of the Prospectus.

2. SCOPE OF REPORT

You have requested HLB to prepare this Report presenting the following information:

- a) the historical financial information of the Company comprising the historical Statement of Financial Position as at 28 February 2017 and the historical Statement of Comprehensive Income, historical Statement of Cash Flows and historical Statement of Changes in Equity for the period to 28 February 2017 as set out in Appendix 2 to this Report; and
- b) the proforma consolidated financial information of the Company comprising the proforma consolidated Statement of Financial Position as at 28 February 2017 and the proforma consolidated Statement of Comprehensive Income, proforma consolidated Statement of Cash Flows and proforma consolidated Statement of Changes in Equity for the period to 28 February 2017 as set out in Appendix 1 to this Report.

The Directors have prepared and are responsible for the historical and proforma consolidated information.

We disclaim any responsibility for any reliance on this Report or on the financial information to which it relates for any purposes other than that for which it was prepared. This Report should be read in conjunction with the full Prospectus.

The historical financial information and the proforma consolidated financial information are presented in an abbreviated form insofar as they do not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports.

We performed a review of the historical and proforma consolidated financial information of the Company as at 28 February 2017 in order to ensure consistency in the application of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

Our review of the historical and proforma consolidated financial information of the Company was conducted in accordance with Australian Auditing Standards applicable to assurance engagements. Specifically, our review was carried out in accordance with Auditing Standard on Assurance Engagements ASRE 3450 *"Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information"* and included such enquiries and procedures which we considered necessary for the purposes of this Report.

The review procedures undertaken by HLB in our role as Investigating Accountant were substantially less in scope than that of an audit examination conducted in accordance with generally accepted auditing standards. Our review was limited primarily to an examination of the historical financial information and proforma financial information, analytical review procedures and discussions with senior management. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the historical information or proforma information included in this Report or elsewhere in the Prospectus.

In relation to the information presented in this Report:

- a) support by another person, corporation or an unrelated entity has not been assumed;
- b) the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report; and
- c) the going concern basis of accounting has been adopted.

3. FINANCIAL INFORMATION

Set out in Appendix 1 (attached) are:

- a) the historical financial information of the Company comprising the historical Statement of Financial Position as at 28 February 2017 and the historical Statement of Comprehensive Income, historical Statement of Changes in Equity and historical Statement of Cash Flows for the period to 28 February 2017; and
- b) the proforma consolidated Statement of Financial Position of the Company as at 28 February 2017 and the proforma consolidated Statement of Comprehensive Income, proforma consolidated Statement of Cash Flows and proforma consolidated Statement of Changes in Equity of the Company for the period to 28 February 2017 as they would appear after incorporating the following significant events and proposed transactions by the Company subsequent to 28 February 2017:

- i) the acquisition of all of the issued capital of Consuelo via the initial consideration of :
 - a) the payment of up to \$500,000 being the reimbursement of expenditure incurred in developing the Project;
 - b) the issue of shares to the value of \$2,000,000 less the reimbursement at an issue price of \$0.20;
 - c) the issue of 15,000,000 Class A Performance shares; and
 - d) the issue of 15,000,000 Class C Performance shares.
- ii) the issue of the following deferred consideration:
 - a) 15,000,000 deferred consideration shares upon the delineation of an "indicated mineral resource" of not less than 100 million tonnes of coal at greater than 5,000 kcal/kg at the Project on or before 30 June 2021; and
 - b) 15,000,000 deferred consideration shares upon the delineation of an "indicated mineral resource" of not less than 300 million tonnes of coal at greater than 5,000 kcal/kg at the Project on or before 30 June 2021.
- iii) recognition of a deferred tax liability of \$450,000 as a result of the acquisition of Consuelo above;
- iv) the issue by the Company pursuant to this Prospectus of up to 25,000,000 ordinary fully paid shares issued at \$0.20 each raising \$5,000,000, before the expenses of the offer;
- v) the repayment of borrowings of \$2,023; and
- vi) the write off against issued capital of the estimated cash expenses of the Offers as outlined in Section 7.6 of the Prospectus of \$627,400.

This information is also shown with no amounts being reimbursed resulting in an increase in the cash on hand of \$500,000 and an increase in the number of shares issued (an additional 2,500,000) "maximum".

- c) Notes to the historical financial information and proforma consolidated financial information.

4. SUBSEQUENT EVENTS

There have been no material items, transactions or events subsequent to 28 February 2017 not otherwise disclosed in the Prospectus or this Report which have come to our attention during the course of our review that would require comment in, or adjustment to, the content of this Report or which would cause such information included in this Report to be misleading.

5. STATEMENTS

Based on our review, which was not an audit, we have not become aware of any matter that causes us to believe that:

- a) the historical financial information of the Company as at 28 February 2017 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia, and its performance as represented by its results of its operations and its cash flows for the period then ended;

- b) the proforma consolidated financial information of the Company as at 28 February 2017 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia, and its performance as represented by its results of its operations and its cash flows for the period then ended, as if the transactions referred to in Section 3(b) of this Report had occurred during that period; and
- c) the assumptions and applicable criteria used in the preparation of the proforma financial information do not provide a reasonable basis for presenting the significant effects directly attributable to the Offers and do not reflect proper application of those adjustments to the unadjusted financial information.

6. DECLARATION

- a) HLB will be paid its usual professional fees based on time involvement, for the preparation of this Report and review of the financial information, at our normal professional rates.
- b) Apart from the aforementioned fee, neither HLB, nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report.
- c) Neither HLB, nor any of its employees or associated persons has any interest in the Company or the promotion of the Company.
- d) Unless specifically referred to in this Report, or elsewhere in the Prospectus, HLB was not involved in the preparation of any other part of the Prospectus and did not cause the issue of any other part of the Prospectus. Accordingly, HLB makes no representations or warranties as to the completeness or accuracy of the information contained in any other part of the Prospectus.
- e) HLB has consented to the inclusion of this Report in the Prospectus in the form and context in which it appears.

Yours faithfully
HLB MANN JUDD



N G NEILL
Partner

APPENDIX 1 - PROFORMA

LUSTRUM MINERALS LTD
STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2017

		<i>Reviewed Historical Company</i>	<i>Proforma Adjustments</i>	<i>Consolidated Reviewed Proforma</i>	<i>Consolidated Reviewed Proforma (maximum shares)</i>
	<i>Notes</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
Current assets					
Cash and cash equivalents	2	259,316	3,870,577	4,129,893	4,629,893
Trade and other receivables		18,566	-	18,566	18,566
Total current assets		277,882	3,870,577	4,148,459	4,648,459
Non-current assets					
Deferred exploration and evaluation expenditure	3	100,000	2,857,143	2,957,143	2,957,143
Total non-current assets		100,000	2,857,143	2,957,143	2,957,143
Total assets		377,882	6,727,720	7,105,602	7,105,602
Current liabilities					
Borrowings		2,023	(2,023)	-	-
Total current liabilities		2,023	(2,023)	-	-
Non-current liabilities					
Deferred tax liability	4	-	857,143	857,143	857,143
Total non-current liabilities		-	857,143	857,143	857,143
Total liabilities		2,023	855,120	857,143	857,143
Net assets		375,859	5,872,600	6,248,459	6,748,459
Equity					
Issued capital	5	452,920	5,872,600	6,325,520	6,825,520
Accumulated losses		(77,061)	-	(77,061)	(77,061)
Total equity		375,859	5,872,600	6,248,459	6,748,459

The above should be read in conjunction with the accompanying notes.

LUSTRUM MINERALS LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDING 28 FEBRUARY 2017

	<i>Reviewed Historical Company</i>	<i>Proforma Adjustments</i>	<i>Consolidated Reviewed Proforma</i>
	\$	\$	\$
Corporate compliance costs	(1,176)	-	(1,176)
Corporate advisory and consulting fees	(75,000)	-	(75,000)
Finance costs	(72)	-	(72)
Other expenses	-	-	-
Loss from ordinary activities before tax	(76,248)	-	(76,248)
Income tax benefit	-	-	-
Loss from ordinary activities after tax	(76,248)	-	(76,248)
Other comprehensive income, net of tax	-	-	-
Total comprehensive loss for the period	(76,248)	-	(76,248)

The above should be read in conjunction with the accompanying notes.

LUSTRUM MINERALS LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDING 28 FEBRUARY 2017

	<i>Issued capital</i> \$	<i>Option Reserve</i> \$	<i>Accumulated losses</i> \$	<i>Total Equity</i> \$
Reviewed historical				
Issued on registration – 1 December 2015	1	-	-	1
Loss for the period	-	-	(813)	(813)
Other comprehensive income, net of tax	-	-	-	-
30 June 2016	1	-	(813)	(813)
Loss for the period	-	-	(76,248)	(76,248)
Other comprehensive income, net of tax	-	-	-	-
Shares issued	500,001	-	-	500,001
Share issue costs	(47,081)	-	-	(47,481)
Balance as at 28 February 2017	452,920	-	(77,061)	(375,859)
Reviewed proforma				
Acquisition of Consuelo	1,500,000	-	-	1,500,000
Shares issued pursuant to Prospectus	5,000,000	-	-	5,000,000
Share issue costs	(627,400)	-	-	(627,400)
Consolidated Proforma total – 28 February 2017	6,325,520	-	(77,061)	6,248,459
Addition shares issued for the acquisition of Consuelo	500,000	-	-	500,000
Consolidated Proforma total – 28 February 2017 (Maximum)	6,825,520	-	(77,061)	6,748,459

The above should be read in conjunction with the accompanying notes.

LUSTRUM MINERALS LTD
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDING 28 FEBRUARY 2017

	<i>Reviewed Historical Company</i>	<i>Proforma Adjustments</i>	<i>Consolidated Reviewed Proforma</i>	<i>Consolidated Reviewed Proforma (maximum shares)</i>
	\$	\$	\$	\$
Cash flows from operating activities				
Payments to suppliers & employees	(93,604)	-	(93,604)	(93,604)
Interest received	-	-	-	-
Net cash used in operating activities	(93,604)	-	(93,604)	(93,604)
Cash flows from investing activities				
Payments for deferred exploration and evaluation assets	(100,000)	(500,000)	(600,000)	(100,000)
Net cash used in investing activities	(100,000)	(500,000)	(600,000)	(100,000)
Cash flows from financing activities				
Proceeds from the issue of shares	500,001	5,000,000	5,500,001	5,500,001
Share issue costs	(47,081)	(627,400)	(674,481)	(674,481)
Repayment of borrowings	-	(2,023)	(2,023)	(2,023)
Net cash provided by financing activities	452,920	4,370,577	4,823,497	4,823,497
Net increase in cash and cash equivalents	259,316	3,870,577	4,129,893	4,629,893
Cash at the beginning of the period	-	-	-	-
Cash at the end of the period	259,316	3,870,577	4,129,893	4,629,893

The above should be read in conjunction with the accompanying notes.

LUSTRUM MINERALS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 28 FEBRUARY 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial information has been prepared in accordance with applicable accounting standards including the Australian equivalents of International Reporting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Material accounting policies have been adopted in the preparation of the historical and proforma consolidated financial information are shown below.

(a) Basis of preparation

The financial statements have been prepared in accordance with the measurement requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia using the accrual basis of accounting, including the historical cost convention.

Historical cost convention

These financial statements have been prepared under the historical cost convention, and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1(p).

Going concern

This financial information has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

(b) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(c) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Company in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Company.

LUSTRUM MINERALS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 28 FEBRUARY 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Trade and other receivables (cont'd)

The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of other comprehensive.

(d) Financial instruments

Financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each period-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

LUSTRUM MINERALS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 28 FEBRUARY 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Company could be required to repay.

LUSTRUM MINERALS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 28 FEBRUARY 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (cont'd)

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(e) Impairment of assets

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or s of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

LUSTRUM MINERALS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 28 FEBRUARY 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Impairment of assets (cont'd)

Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the profit or loss. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(j) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

LUSTRUM MINERALS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 28 FEBRUARY 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Trade payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the period that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(g) Employee Entitlements

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(h) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

LUSTRUM MINERALS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 28 FEBRUARY 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(k) Share-based payment transactions

Equity settled transactions

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a black-scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Lustrum Minerals Ltd (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects:

- the extent to which the vesting period has expired and
- the Company's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of other comprehensive charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

LUSTRUM MINERALS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 28 FEBRUARY 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Share-based payment transactions (cont'd)

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(l) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Interest income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(n) Income tax

The charge for current income tax expense is based on the result for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date or reporting date.

Deferred tax is accounted for in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited to profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

LUSTRUM MINERALS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 28 FEBRUARY 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Income tax (cont'd)

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(o) Earnings per share

Basic earnings per share is calculated as net result attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net result attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(p) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Exploration and evaluation costs carried forward

Management determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. In determining this, various assumptions including the maintenance of title, ongoing expenditure and prospectivity are made.

LUSTRUM MINERALS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 28 FEBRUARY 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Impairment of available-for-sale financial assets

The Company follows the guidance of AASB 139 'Financial Instruments: Recognition and Measurement' to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes model.

(q) Proforma transactions

The proforma Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows have been derived from the historical financial information as at 28 February 2017 adjusted to give effect to the following actual or proposed significant events and transactions by the Company subsequent to 28 February 2017:

- i) the acquisition of all of the issued capital of Consuelo via the initial consideration of :
 - a) the payment of up to \$500,000 being the reimbursement of expenditure incurred in developing the Project;
 - b) the issue of shares to the value of \$2,000,000 less the reimbursement at an issue price of \$0.20;
 - c) the issue of 15,000,000 Class A Performance shares; and
 - d) the issue of 15,000,000 Class C Performance shares.
- ii) the issue of the following deferred consideration:
 - a) 15,000,000 deferred consideration shares upon the delineation of an "indicated mineral resource" not less than 100 million tonnes of coal at greater than 5,000 kcal/kg at the Project on or before 30 June 2021; and
 - b) 15,000,000 deferred consideration shares upon the delineation of an "indicated mineral resource" of not less than 300 million tonnes of coal at greater than 5,000 kcal/kg at the Project on or before 30 June 2021.
- iii) the recognition of a deferred tax liability of \$857,143 as a result of the acquisition of Consuelo above;
- iv) the issue by the Company pursuant to this Prospectus of up to 25,000,000 ordinary fully paid shares issued at \$0.20 each raising \$5,000,000, before the expenses of the offer;
- v) the repayment of borrowings of \$2,023; and
- vi) the write off against issued capital of the estimated cash expenses of the Offers as outlined in Section 7.6 of the Prospectus of \$627,400

LUSTRUM MINERALS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 28 FEBRUARY 2017

(q) Proforma transactions (cont'd)

This information is also shown with no amounts being reimbursed resulting in an increase in the cash on hand of \$500,000 and an increase in the number of shares issued (an additional 2,500,000) "maximum".

2. CASH AND CASH EQUIVALENTS

	<i>Reviewed Historical Company \$</i>	<i>Proforma Adjustments \$</i>	<i>Consolidated Reviewed Proforma \$</i>	<i>Consolidated Reviewed Proforma (maximum shares) \$</i>
Balance as at 28 February 2017	259,316	-	259,316	259,316
Reimbursement of expenditure in relation to the acquisition of Consuelo	-	(500,000)	(500,000)	-
Repayment of borrowings	-	(2,023)	(2,023)	(2,023)
Proceeds for issue of shares	-	5,000,000	5,000,000	5,000,000
Share issue costs	-	(627,400)	(627,400)	(627,400)
Proforma balance	259,316	3,870,577	4,129,893	4,629,893

3. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	<i>Reviewed Historical Company \$</i>	<i>Proforma Adjustments \$</i>	<i>Consolidated Reviewed Proforma \$</i>	<i>Consolidated Reviewed Proforma (maximum shares) \$</i>
Balance as at 28 February 2017	100,000	-	100,000	100,000
Reimbursement of expenditure in relation to the acquisition of Consuelo	-	500,000	500,000	-
Shares issued as part consideration for the acquisition of Consuelo	-	1,500,000	1,500,000	2,000,000
Deferred tax liability uplift on acquisition of Consuelo		857,143	857,143	857,143
Proforma balance	100,000	2,857,143	2,957,143	2,957,143

LUSTRUM MINERALS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 28 FEBRUARY 2017

4. DEFERRED TAX LIABILITY

	<i>Reviewed Historical Company</i>	<i>Proforma Adjustments</i>	<i>Consolidated Reviewed Proforma</i>	<i>Consolidated Reviewed Proforma (maximum shares)</i>
	\$	\$	\$	\$
Balance as at 28 February 2017	-	-	-	-
Deferred tax liability uplift on acquisition of Consuelo		857,143	857,143	857,143
Proforma balance	-	857,143	857,143	857,143

5. ISSUED CAPITAL

	<i>Number</i>	<i>\$</i>
Reviewed historical		
Balance as at 30 June 2016	1	1
Shares issue under Information memorandum	5,000,000	500,000
Share issue costs		(47,081)
Balance as at 28 February 2017	5,000,001	452,920
Reviewed proforma		
Shares issued as part consideration for the acquisition of Consuelo	7,500,000	1,500,000
Shares issued pursuant to prospectus	25,000,000	5,000,000
Share issue costs - cash	-	(627,400)
Consolidated Proforma balance	37,500,001	6,325,520
Additional shares issued as consideration for the acquisition of Consuelo	2,500,000	500,000
Consolidated Proforma balance (Maximum)	40,000,001	6,825,520

LUSTRUM MINERALS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 28 FEBRUARY 2017

6. PERFORMANCE SHARES

	<i>Number</i>	<i>\$</i>
Reviewed proforma		
Issue of performance shares as part consideration for acquisition of Consuelo	30,000,000	-
<i>Comprising:</i>		
Class A Performance shares (i)	15,000,000	-
Class C Performance shares (ii)	15,000,000	-
Proforma balance	30,000,000	-

No value has been ascribed to the Performance Shares as the Company has not yet reached a stage where it can reliability estimate the likelihood of the milestones being achieved.

- (i) A Class A Performance Share in the relevant class will convert into one Share and one Class B Performance Share upon the delineation of an "indicated mineral resource" (as that term is defined in JORC, 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves) of not less than 50 million tonnes of coal at greater than 5,000 kcal/kg at the Project on or before 30 June 2021.
- (ii) A Class C Performance Share in the relevant class will convert into one Share and one Class D Performance Share upon the delineation of an "indicated mineral resource" (as that term is defined in JORC, 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves) of not less than 150 million tonnes of coal at greater than 5,000 kcal/kg at the Project on or before 30 June 2021.

7. DEFERRED CONSIDERATION

	<i>Number</i>	<i>\$</i>
Reviewed proforma		
Issue of deferred consideration (shares) as part consideration for acquisition of	30,000,000	-
<i>Comprising:</i>		
Class A Performance shares (i)	15,000,000	-
Class C Performance shares (ii)	15,000,000	-
Proforma balance	30,000,000	-

No value has been ascribed to the deferred consideration as the Company has not yet reached a stage where it can reliability estimate the likelihood of the milestones being achieved.

- (i) 15,000,000 shares upon the delineation of an "indicated mineral resource" of (as that term is defined in JORC, 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves) of not less than 100 million tonnes of coal at greater than 5,000 kcal/kg at the Project on or before 30 June 2021; and
- (ii) 15,000,000 Shares upon the delineation of an "indicated mineral resource" (as that term is defined in JORC, 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves) of not less than 300 million tonnes of coal at greater than 5,000 kcal/kg at the Project on or before 30 June 2021.

**LUSTRUM MINERALS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 28 FEBRUARY 2017**

8. CONTINGENCIES AND COMMITMENTS

The Directors are not aware of any contingencies other than as set out in the Prospectus.

9. RELATED PARTY TRANSACTIONS

Details of Directors' interests in the Company's issued capital and transactions with the Company are included in Section 7 of the Prospectus.

APPENDIX 2 - HISTORICAL INFORMATION

LUSTRUM MINERALS LTD
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	<i>30 June 2016</i> <i>Audited</i> \$
Current assets	
Cash and cash equivalents	-
Trade and other receivables	35
Loan receivable	-
Total current assets	35
Non-current assets	
Deferred exploration and evaluation expenditure	-
Total non-current assets	-
Total assets	35
Current liabilities	
Borrowings	847
Total current liabilities	847
Non-current liabilities	
Deferred tax liability	-
Total non-current liabilities	-
Total liabilities	847
Net (liabilities) / assets	(812)
Equity	
Issued capital	1
Accumulated losses	(813)
Total equity	(812)

The above should be read in conjunction with the accompanying notes.

LUSTRUM MINERALS LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM REGISTRATION TO 30 JUNE 2016

	<i>30 June 2016</i> <i>Audited</i> \$
Corporate compliance costs	-
Corporate fees	-
Finance costs	-
Incorporation costs	(813)
Loss from ordinary activities before tax	(813)
Income tax benefit	-
Loss from ordinary activities after tax	(813)
Other comprehensive income, net of tax	-
Total comprehensive loss for the period	(813)

The above should be read in conjunction with the accompanying notes.

LUSTRUM MINERALS LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM REGISTRATION TO 30 JUNE 2016

	<i>Issued Capital Reviewed</i> \$	<i>Accumulated losses Reviewed</i> \$	<i>Total Equity Reviewed</i> \$
Reviewed historical			
Issued on registration – 1 December 2015	1	-	1
Loss for the period	-	(813)	(813)
Other comprehensive income, net of tax	-	-	-
Balance as at 30 June 2016	1	(813)	812

The above should be read in conjunction with the accompanying notes.

LUSTRUM MINERALS LTD
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM REGISTRATION TO 30 JUNE 2016

	<i>30 June 2016</i> <i>Audited</i> \$
Cash flows from operating activities	
Payments to suppliers & employees	-
Net cash used in operating activities	-
Cash flows from investing activities	
Payments for deferred exploration and evaluation assets	-
Net cash used in investing activities	-
Cash flows from financing activities	
Proceeds from the issue of shares	-
Share issue costs	-
Net cash provided by financing activities	-
Net increase in cash and cash equivalents	-
Cash as at registration	-
Cash at the end of the period	-

The above should be read in conjunction with the accompanying notes.

5. RISK FACTORS

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

The proposed future activities of the Company are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Company and cannot be mitigated.

Investors should be aware that the performance of the Company may be affected and the value of its Shares may rise or fall over any given period. Some of the factors which investors should consider before they make a decision whether or not to take up their entitlement include, but are not limited to, the risks in this Section.

5.1 Company Specific Risks

(a) Manager Risk

The success and profitability of the Company will largely depend on the ability of the Executive Director who is primarily responsible for devising and implementing the Company's exploration strategy.

The Company is exposed to the risk that the Executive Director may fail to make suitable decisions in relation to the exploration strategy. In addition, the Company is exposed to the risk that the Executive Director ceases to be involved with the Company in an executive capacity, and as a result, ceases to manage the Company's operations. In this event, the Company will need to identify and engage suitably qualified and experienced replacements to implement the Company's strategy.

(b) Limited Operating History

The Company has a limited operating history in undertaking activities of a scale identified in Section 2. As an early stage business, the Company also has a limited financial history which may make it difficult for investors to assess its past performance. There can be no assurance that the Company will achieve profitability in the future.

(c) Exploration success

The Consuelo Project has been subject to limited exploration and presently does not have any JORC Code compliant mineral resource estimates.

Mineral exploration and development are high-risk undertakings, and there is no assurance that exploration of the Tenements will result in the discovery of an economic resource deposit. Even if an apparently viable deposit is identified there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to permitting requirements, availability of appropriate exploration equipment, exploration costs, seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents and many other factors beyond the control of the Company.

(d) Resource estimates

There is not presently a JORC Code compliant resource in relation to the Tenements.

In the event a resource is delineated on the Tenements, or any other tenements that may be acquired by the Company in the future, this would be an estimate only. An estimate is an expression of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans that may, in turn, adversely affect the Company's operations.

(e) Operations

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

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of the Tenements, or any other tenements that may be acquired by the Company in the future. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(f) Title

Interests in exploration and mining tenements in Queensland are governed by the *Mineral Resources Act 1989* (Qld) (**MR Act**), and are evidenced by the granting of licences, leases, permits or authorities.

Title in the Tenements has been granted in accordance with the MR Act.

Each of the Tenements has been granted for a specific term and carries rental, annual expenditure and reporting commitments, as well as other conditions imposed under the MR Act requiring compliance. The

Company could face penalties, lose title to or its interest in the Tenements, or any other tenements that may be acquired by the Company in the future, if such conditions are not met or if insufficient funds are available to meet expenditure commitments.

The Tenements allow its holders to carry out particular authorised activities to determine the existence, quality, and quantity of coal on, in, or under land through various methods.

The Tenements do not permit mining activities. A mining lease is required before mining and production may occur. The process of obtaining a mining lease can take between two to seven or even more years, depending on the complexity of the assessment process under the MR Act. There is no guarantee that a mining lease will be obtained, and in turn, no guarantee that the holders of the Tenements will be able to proceed to production even if a viable resource is discovered.

(g) Climate change

There are a number of climate-related factors that may affect the Company's business or its assets, including the Tenements. For instance:

- (i) climate change or prolonged periods of adverse weather and climatic conditions (including rising sea levels, floods, hail, drought, water, scarcity, temperature extremes, frosts, earthquakes and pestilences) may have an adverse effect on the Company's ability to access and utilise the Tenements and/or on the Company's ability to transport or sell commodities such as coal; and
- (ii) changes in policy, technological innovation and consumer or investor preferences could adversely impact the Company's business strategy or the value of its assets (including the Tenements), or may result in less favourable pricing for commodities such as coal, particularly in the event of a transition (which may occur in unpredictable ways) to a lower-carbon economy.

(h) Native title and Aboriginal cultural heritage

In relation to the Tenements, or any other tenements that may be acquired by the Company in the future, there may be areas over which native title rights and interests exist under the *Native Title Act 1993* (Cth) (**NT Act**).

A determination by the Federal Court in 2014 held that native title does not exist over the area of the Tenements in respect of claims registered by three native title claimant groups. The grant of the Tenements has proceeded in accordance with the requirements of the NT Act. If a higher level of authority is sought over the area of the Tenements in order to progress to production, further native title processes may need to be considered.

The Company must also comply with the provisions of the *Aboriginal Cultural Heritage Act 2003* (Qld) (**ACHA**) in carrying out activities on the Tenements. The ACHA provides that any person who undertakes an activity has a 'Duty of Care' to take all reasonable and practicable measures to ensure that the activity does not harm Aboriginal cultural heritage.

Searches indicate that Aboriginal cultural heritage sites exist within the area of the Tenements.

The Company must ensure that it does not breach the Commonwealth and applicable State legislation relating to Aboriginal heritage.

Under the ACHA, the 'Duty of Care' can be discharged in a number of ways, including, at a minimum, adhering to the Duty of Care Guidelines (which form part of the ACHA), entering into a voluntary Cultural Heritage Management Agreement with an 'Aboriginal Party' for the given area, or entering into a Cultural Heritage Management Plan under Part 7 ACHA.

The Company will need to comply with the requirements of the ACHA before carrying out any activities under the Tenements. This may involve the negotiation of an entry into an agreement or agreements with the Aboriginal parties for the area of the Tenements.

In negotiating these agreements and implementing their terms, the ability of the Company to implement its work programme may be adversely affected in both time and cost.

The Directors will closely monitor the potential effect of native title claims and Aboriginal cultural heritage involving the Tenements, or any other tenements that may be acquired by the Company in the future.

(i) Funding

At the date of this Prospectus, the Company has no income producing assets and will generate losses for the foreseeable future. Until it is able to develop a project and generate appropriate cash flow, it is dependent upon being able to obtain future equity debt funding to support long term exploration, after the expenditure of the net proceeds raised under the Offer.

Neither the Company nor any of the Directors or any other party can provide any guarantee or assurance that if further funding is required, such funding can be raised on terms favourable to the Company.

Any additional equity funding will dilute existing Shareholders.

Also, no guarantee or assurance can be given as to when a project can be developed to the stage where it will generate cash flow. As such, a project would be dependent on many factors, for example exploration success, subsequent mine development, commissioning and operational performance.

(j) Liquidity risk

A significant number of the Shares on issue following the completion of the Offer (up to approximately 75% of the total Shares on issue on completion of the Offer assuming full subscription) will either be classified as restricted securities by the ASX and therefore be escrowed, or otherwise subject to voluntary escrow.

This may cause a liquidity risk for the Shares given a large percentage of the Shares may not be traded for up to 24 months. Furthermore, there is no guarantee that there will be an ongoing liquid market for Shares. If illiquidity arises, there is a real risk that Shareholders will be unable to realise their investment in the Company.

Further details of the Shares on issue are contained in the Capital Structure in Section 1.7.

(k) Acquisition risk

The Company's proposed objectives involve acquiring and developing resource projects at various stages of development. The Directors of the Company will use their expertise and experience in the resources sector to assess the value and merit of potential projects that are likely to provide returns for Shareholders. However, there can be no guarantee that any new project may result in any return for the Company and its Shareholders.

(l) Access risk

Immediate access to the Tenements in which the Company has an interest, cannot, in all cases, be guaranteed.

In order to access private land to conduct exploration activities under the Tenements, the Company must provide a notice of intention to enter the land and, for advanced activities such as clearing and drilling, enter into a conduct and compensation agreement (**CCA**) with each owner and occupier of the land. If a CCA cannot be reached with the owner and occupier, a statutory process applies to allow either party to refer the matter to alternative dispute resolution, with ultimate recourse to the Land Court of Queensland in the event that agreement cannot be reached.

In negotiating these agreements and implementing their terms, the ability of the Company to implement its work programme may be adversely affected in both time and cost.

Future judicial decisions and legislation may also restrict land access.

As noted in the Legal Tenement Report in Section 9, areas of regional interest protected under the *Regional Planning Interests Act 2014* (Qld) are also present within the Tenements. Unless a relevant exemption applies, the holders of the Tenements will be required to apply for a Regional Interests Development Approval prior to carrying out any activities in these areas. There is no guarantee that this approval will be obtained. The ability of the Company to implement its

work programme may be adversely affected in both time and cost by the existence of areas of regional interest.

(m) Environmental risk

The Consuelo Project is subject to Queensland and Federal Australian Government legislation regarding environmental matters. As with all exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if mine development proceeds.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws. The costs and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Activities on the Tenements must comply with the conditions of their respective environmental authorities. The Company may be required to obtain further approvals from the relevant authorities before it can undertake particular activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities.

Searches indicate that environmentally sensitive areas protected under the *Environmental Protection Act 1994* (Qld) exist in, or in close proximity to, the Tenements. The environmental authorities for each of the Tenements limit the carrying out of activities in and around these areas. Unless the conditions of the environmental authorities are amended, this may inhibit the work programme and development of the Tenements. Further information in this regard is contained in the Legal Tenement Report in Section 9.

Environmental issues may compromise the exploration and development of the Tenements.

(n) Commodity price volatility and exchange rate risks

Commodity price volatility impacts both upon the value of the Company's projects and the potential revenue (if any) derived from those projects.

Commodity prices fluctuate and are affected by many factors beyond the control of the Company. These factors include supply and demand fluctuations, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in foreign currencies, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between foreign currencies and the Australian dollar as determined in international markets.

(o) Regulatory

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

(p) Competition risk

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.

(q) Insurance risks

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover.

The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

(r) Reliance on key management

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.

(s) Conflicts of interest

Certain Directors are also directors and officers of other companies engaged in mineral exploration and development and mineral property acquisitions. Accordingly, mineral exploration opportunities or prospects of which these Directors become aware may not necessarily be made available to the Company. Although these Directors have been advised of their fiduciary duties to the Company, there exist actual and potential conflicts of interest among these persons and situations could arise in which their obligations to, or interests in, other companies could detract from their efforts on behalf of the Company.

5.2 General Risks

(a) Securities investments

Applicants should be aware that there are risks associated with any securities investment. The prices at which the Company's Shares trade may be above or below the Offer price and may fluctuate in response to a number of factors. Further, the stock market is prone to price and volume fluctuations. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the Shares, regardless of Company's operational performance.

(b) Share market conditions

The market price of the Shares may fall as well as rise and may be influenced by the varied and unpredictable movements in the equity markets. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Economic risk

Changes in the general economic climate in which Company operates may adversely affect the financial performance of Company. Factors that may contribute to that general economic climate include the extent to which renewable energy becomes increasingly popular and/or viable, the level of direct and indirect competition against the Company, industrial disruption in Australia, the rate of growth of Australia's gross domestic product, interest rates and the rate of inflation.

(d) Policies and legislation

Any material adverse changes in government policies or legislation of Australia or any other country that the Company has economic interests may affect the viability and profitability of the Company.

(e) Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company.

The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

6. MATERIAL CONTRACTS AND RIGHTS ATTACHING TO SHARES

6.1 Material contracts

The Company is a party to the following material contracts and/or agreements with related parties of the Company:

(a) Consuelo Agreement

The Company has entered into the Consuelo Agreement with Twentieth Century and Station Nominees under which it has agreed to purchase 100% of the share capital in Consuelo for:

- (i) up to A\$500,000 for reimbursement of expenditure incurred in developing the Consuelo Project (**Reimbursement Amount**);
- (ii) Shares to the value A\$2,000,000 minus the Reimbursement Amount;
- (iii) 15,000,000 Class A Performance Shares;
- (iv) 15,000,000 Class C Performance Shares; and
- (v) up to 30,000,000 Shares which may be issued as Deferred Consideration.

Under the Consuelo Agreement:

- (i) Kontrarian will receive Shares to the value A\$2,000,000 minus the Reimbursement Amount, 10,000,000 Class A Performance Shares, 10,000,000 Class C Performance Shares and up to 20,000,000 Shares which may be issued as Deferred Consideration⁷;
- (ii) Twentieth Century will receive 3,000,000 Class A Performance Shares, 3,000,000 Class C Performance Shares and up to 6,000,000 Shares which may be issued as Deferred Consideration⁸; and
- (iii) Station Nominees will receive 2,000,000 Class A Performance Shares, 3,000,000 Class C Performance Shares and up to 4,000,000 Shares which may be issued as Deferred Consideration⁹,

Completion of the agreement is due to must take place on the date which is 2 business days after the Company receiving conditional approval of its listing application from ASX in a form satisfactory to the Company (acting reasonably).

⁷ This assumes the milestones for the Class A Performance Shares and Class C Performance Shares are achieved and that the Deferred Consideration is issued.

⁸ This assumes the milestones for the Class A Performance Shares and Class C Performance Shares are achieved and that the Deferred Consideration is issued.

⁹ This assumes the milestones for the Class A Performance Shares and Class C Performance Shares are achieved and that the Deferred Consideration is issued.

(b) Consuelo Subsidiary Agreement

Consuelo has entered into the Consuelo Subsidiary Agreement with Kontrarian under which it has agreed to purchase 100% of the share capital in the Consuelo Subsidiaries for:

- (i) up to A\$500,000 for reimbursement of expenditure incurred in developing the Consuelo Project (**Reimbursement Amount**);
- (ii) Shares to the value A\$2,000,000 minus the Reimbursement Amount;
- (iii) 10,000,000 Class A Performance Shares;
- (iv) 10,000,000 Class C Performance Shares; and
- (v) up to 20,000,000 Shares which may be issued as Deferred Consideration.

Under the Consuelo Agreement Kontrarian will receive Shares to the value A\$2,000,000 minus the Reimbursement Amount, 10,000,000 Class A Performance Shares, 10,000,000 Class C Performance Shares and up to 20,000,000 Shares which may be issued as Deferred Consideration¹⁰.

Completion of the agreement is due to must take place on the date which is 2 business days after the Company receiving conditional approval of its listing application from ASX in a form satisfactory to the Company (acting reasonably).

(c) Lead Manager Agreement

The Company has entered into an agreement with the Lead Manager dated 30 January 2017 (**Lead Manager Agreement**). Pursuant to the Lead Manager Agreement, the Lead Manager was appointed on an exclusive basis to act as lead manager of the Offer and to, among other things, provide advice and assistance in relation to market implications and structural aspects of the Offer and to undertake marketing of the Offer.

The fees payable by the Company to the Lead Manager in consideration for performing its role as the Lead Manager and providing the relevant services under the Lead Manager Agreement are:

- (i) A\$50,000 upon the Company being admitted to the Official List;
- (ii) 6% on total capital raised prior to the Offer;
- (iii) 6% on total capital raised under the Offer; and
- (iv) in the event of any advisor to the Offer being issued with options or other securities, the Company shall issue to the Lead Manager or its nominees options or other securities on the same

¹⁰ This assumes the milestones for the Class A Performance Shares and Class C Performance Shares are achieved and that the Deferred Consideration is issued.

terms and conditions on a pro rata basis in proportion to the percentage of capital raised by the Lead Manager to the total capital raised.

The Company has agreed to indemnify the Lead Manager (and its related bodies corporate and their directors, employees, agents and contractors) against any claim, demand, loss, expense, liability or action arising director or indirectly from, or relating to, the services under the Lead Manager Agreement or the Offer.

(d) Executive Director Engagement Agreement

The Company has entered into an Executive Director engagement deed with Mr Josh Puckridge pursuant to which the Company has agreed to pay A\$80,000 per annum for services provided to the Company by Mr Puckridge as an Executive Director.

Mr Puckridge will be expected to provide services to the Company as an executive director, including (without limitation):

- (i) ensure the ongoing success of the Company through being responsible for all aspects of the management and development of the Company;
- (ii) develop, in conjunction with the Board, the Company's vision, values and goals;
- (iii) develop short, medium and long term corporate strategies and planning to achieve the Company's vision and overall business objectives;
- (iv) prepare business plans and reports;
- (v) supervise project management and development of the Company's assets, including the Tenements;
- (vi) perform to the best of his abilities and knowledge the duties assigned to him which may include duties for the benefit of any Group member;
- (vii) use all reasonable efforts to promote the interests, profitability, growth and reputation of the Company;
- (viii) not act, or be seen to be acting, in conflict with the interests of the Company, and must disclose to the Company any facts which might involve a conflict between his interests and the interests of the Company;
- (ix) comply with all policies of the Company in place or as varied or replaced that are intended to apply to him and provided or made available to him (although these do not form part of the contract of employment); and
- (x) comply with all law and the rules and regulations of external agencies applying to his position and duties.

The engagement is for an initial term of 12 months. Either the Company or Mr Puckridge may terminate the engagement upon 4 weeks written notice.

(e) Non-Executive Director Engagement Deeds

The Company has entered into separate Non-Executive Director engagement deeds with Mr Prentice and Ms King pursuant to which the Company has agreed to pay Mr Prentice A\$40,000 per annum for services provided to the Company as Non-Executive Chairman and Ms King A\$40,000 per annum for services provided to the Company as Non-Executive Director.

These agreements are otherwise on terms and conditions considered standard for agreements of this nature in Australia.

(f) Corporate Services Agreement

The Company has entered into an agreement with Cicero Corporate Services Pty Ltd (**Cicero Corporate**), of which Ms Loren King is a shareholder, dated 1 July 2017 (**Corporate Services Agreement**). Pursuant to the Corporate Services Agreement, the Cicero Corporate was appointed to provide corporate and administrative services to the Company.

The fee payable by the Company to Cicero Corporate in consideration for performing the services under the Corporate Services Agreement is A\$120,000 per annum.

The Company has agreed to indemnify Cicero Corporate and to hold Cicero Corporate harmless from and against:

- (i) all actions, claims, demands or proceedings which may be instituted against Cicero Corporate; and
- (ii) all liabilities, losses, damages, costs and expenses (including reasonable legal costs and expenses) which may be suffered or incurred by Cicero Corporate in connection with or arising out of the Corporate Services Agreement,

to the extent and to the proportion caused by the negligent or otherwise wrongful acts or omissions of the Company.

This agreement is otherwise on terms and conditions considered standard for agreements of this nature in Australia.

(g) Deeds of Insurance Indemnity and Access

The Company has entered into Deeds of Access, Indemnity and Insurance with each Director (including the Company Secretary) which confirm each person's right of access to certain books and records of the Company for a period of seven years after the Director ceases to hold office. This seven year period can be extended where certain proceedings or investigations commence before the seven years expires. The Deeds also require the Company to provide an indemnity

for liability incurred as an officer of the Company, to the maximum extent permitted by law.

Pursuant to the Deeds of Access, Indemnity and Insurance, the Company shall arrange and maintain Directors' and Officers' Insurance during each Director's and the Company Secretary's period of office and for a period of seven years after a Director or Company Secretary ceases to hold office. This seven-year period can be extended where certain proceedings or investigations commence before the seven years expires.

The Deeds of Access, Indemnity and Insurance are otherwise on terms and conditions considered standard for agreements of this nature in Australia.

6.2 Rights attaching to Shares

A summary of the rights attaching to the Shares under the Offer is detailed below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to the Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) Voting

At a General Meeting, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held.

(b) Meetings

Subject to the provisions of the Corporations Act, the Company is required to give Shareholders at least 28 days' notice of a meeting of Shareholders. Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Corporations Act, Constitution and Listing Rules.

Under the Corporations Act, members of the Company holding not less than 10% of such of the paid-up capital of the Company as carries voting rights have a right to requisition the directors to call for a general meeting of the Company. Members holding not less than 10% of the issued shares of the Company are also entitled to call for a general meeting of the Company without requisitioning the directors to do so.

(c) Dividends

The Board may from time to time resolve to pay dividends to Shareholders and fix the amount of the dividend, the time for

determining entitlements to the dividend and the timing and method of payment.

(d) Transfer of Shares

Subject to the Constitution, Corporations Act, Listing Rules and ASX Settlement Rules, Shares may be transferred by a proper transfer effected in accordance with ASX Settlement Rules, by a written instrument of transfer which complies with the Constitution or by any other method permitted by the Corporations Act, Listing Rules or ASX Settlement Rules.

The Board may refuse to register a transfer of Shares where permitted to do so under the Constitution, Listing Rules or ASX Settlement Rules.

(e) Issue of further Shares

Subject to the Corporations Act and Listing Rules, the Company may issue further shares on such terms and conditions as the Board resolves, under a general, wide-ranging mandate customarily given by Shareholders at each annual general meeting of the Company.

(f) Purchase of own Shares

Subject to the Corporations Act, the Company may purchase or otherwise acquire its own shares upon such terms and subject to such conditions as the Company may deem fit.

(g) Winding Up

If the Company is wound up, then subject to a special resolution of the Shareholders, any surplus must be divided amongst the Company's members as determined by the liquidator.

(h) Unmarketable parcels

Subject to the Constitution, Listing Rules and ASX Settlement Rules, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares under an 'opt-out' procedure.

(i) Variation of rights

At present, the Company's only class of shares on issue is ordinary shares. Subject to the Constitution, the Corporations Act, Listing Rules, and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled:

- (i) by a special resolution of the issued shares included in that class; or
- (ii) by a special resolution passed at a separate meeting of the holders of those shares.

(j) Directors – appointment and removal

The minimum number of Directors is three and the maximum is ten. Currently, there are three Directors.

At the first annual General Meeting all Directors shall retire from office, and at subsequent annual General Meetings, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire.

A retiring Director is eligible for re-election. The Directors may appoint a Director either in addition to existing Directors or to fill a casual vacancy, who then holds office until the next annual General Meeting. The Company may elect a person as a Director by resolution passed at a General Meeting. A Director elected at a General Meeting is taken to have been elected with effect immediately after the end of that General Meeting unless the resolution by which the Director was appointed or elected specifies a different time.

(k) Directors – remuneration

The Constitution provides that Non-Executive Directors are entitled to maximum total Directors' fees as determined by the Company in general meeting, or until so determined, as the Directors resolve.

This limit does not apply to the salary and other remuneration of the Executive Director.

(l) Indemnities

(i) The Company, to the extent permitted by law, indemnifies each Director against any liability (other than legal costs) incurred in acting as Director, other than:

- (A) a liability owed to the Company or a Related Body Corporate;
- (B) a liability for a pecuniary penalty order under the Corporations Act; or
- (C) a liability that did not arise out of conduct in good faith.

(ii) The Company, to the extent permitted by law, indemnifies each Director for costs and expenses incurred in defending an action for liability incurred in acting as Director, except for legal costs incurred:

- (A) in defending or resisting any proceedings in which the Director is found to have a liability for which they cannot be indemnified under (i) above;
- (B) in defending or resisting criminal proceedings in which the Director is found guilty;

- (C) in defending or resisting proceedings brought by a regulator in any other jurisdiction or by a liquidator for a court order if the grounds for making the order are found by the court to be established, except for costs incurred in responding to actions taken by the regulator in any other jurisdiction or a liquidator as part of an investigation before commencing proceedings for the court order; or
- (D) in connection with proceedings for relief to the Director under the Corporations Act in which the relief is denied by the court.

(m) Litigation

Under the Corporations Act as well as at common law, a member of the Company is entitled, subject to the fulfilment of various pre-conditions, to bring or intervene in legal proceedings on behalf of the Company.

(n) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least 75% of the Company's members present and voting at a General Meeting.

(o) Transactions requiring shareholder approval

The types of "transactions" that require shareholder approval are governed by the Corporations Act and the Constitution. Generally speaking, the following types of transactions will require shareholder approval:

- (i) amendments to the Constitution;
- (ii) amalgamations;
- (iii) disposing of substantially the whole of the company's property or undertaking;
- (iv) change of name of the company;
- (v) reduction of share capital;
- (vi) winding up;
- (vii) share buy-back;
- (viii) removal of company auditors; and
- (ix) certain alteration of capital and variations of rights attaching to Shares.

This is not an exhaustive list but sets out common transactions that require shareholder approval.

6.3 Rights attaching to Class A Performance Shares

The full terms and conditions of the Class A Performance Shares are as follows.

(a) Performance Shares

Each Class A Performance Share is a share in the capital of the Company.

(b) General meetings

Each Class A Performance Share confers on the holder (**Class A Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. Class A Holders have the right to attend general meetings of Shareholders.

(c) No voting rights

A Class A Performance Share does not entitle the Class A Holder to vote on any resolutions proposed by the Company except as otherwise required by law.

(d) No dividend rights

A Class A Performance Share does not entitle the Class A Holder to any dividends.

(e) No rights to return of capital

A Class A Performance Share does not entitle the Class A Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(f) Rights on winding up

A Class A Performance Share does not entitle the Class A Holder to participate in the surplus profits or assets of the Company upon winding up.

(g) Not transferable

A Class A Performance Share is not transferable.

(h) Reorganisation of capital

If at any time the issued capital of the Company is reconstructed (including a consolidation, subdivision, reduction, cancellation or return of issued share capital), all rights of a Class A Holder will be changed to the extent necessary to comply with the applicable Listing Rules at the time of reorganisation.

(i) Application to ASX

The Class A Performance Shares will not be quoted on ASX. However, if the Company is listed on ASX at the time of conversion of the Class A

Performance Shares into Shares, the Company must within 10 Business Days apply for the official quotation of the Shares arising from the conversion on ASX.

(j) Participation in entitlements and bonus issues

A Class A Performance Share does not entitled a Class A Holder (in their capacity as a holder of a Class A Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(k) Amendments required by ASX

The terms of the Class A Performance Shares may be amended as necessary by the Company's board in order to comply with the Listing Rules (if applicable), or any directions of ASX (if applicable) regarding the terms provided that, subject to compliance with the Listing Rules, following such amendment, the economic and other rights of the Class A Holder are not diminished or terminated.

(l) No Other Rights

A Class A Performance Share gives the Class A Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(m) Milestone

A Class A Performance Share in the relevant class will convert into one Share upon the delineation of an "indicated mineral resource" (as that term is defined in JORC, 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves) of not less than 50 million tonnes of coal at greater than 5,000 kcal/kg at the Project on or before 30 June 2021.

(n) Conversion on change of control

Notwithstanding the relevant milestone has not been satisfied, upon the occurrence of either:

- (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company having received acceptances for more than 50% of the Company's Shares on issue and being declared unconditional by the bidder; or
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

that number of Class A Performance Shares that is equal to 10% of the Shares on issue immediately following conversion under this paragraph will convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of Class A Performance Shares then on issue as well as on a pro rata basis for

each Class A Holder. Class A Performance Shares that are not converted into Shares under this paragraph will continue to be held by the Class A Holders on the same terms and conditions.

(o) Redemption if Milestone not achieved

If the relevant milestone is not achieved by the required date, then each Class A Performance Share in that class will be automatically redeemed by the Company for the sum of \$0.00001 within 10 Business Days of non-satisfaction of the milestone.

(p) Conversion Procedure

The Company will issue the Class A Holder with a new holding statement for the Share issued upon conversion of a Class A Performance Share within 10 Business Days following the conversion.

(q) Ranking upon conversion

The Share into which a Class A Performance Share may convert will rank *pari passu* in all respects with the existing Shares.

6.4 Rights attaching to Class C Performance Shares

(a) Performance Shares

Each Class C Performance Share is a share in the capital of the Company.

(b) General meetings

Each Class C Performance Share confers on the holder (**Class C Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. Class C Holders have the right to attend general meetings of Shareholders.

(c) No voting rights

A Class C Performance Share does not entitle the Class C Holder to vote on any resolutions proposed by the Company except as otherwise required by law.

(d) No dividend rights

A Class C Performance Share does not entitle the Class C Holder to any dividends.

(e) No rights to return of capital

A Class C Performance Share does not entitle the Class C Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(f) Rights on winding up

A Class C Performance Share does not entitle the Class C Holder to participate in the surplus profits or assets of the Company upon winding up.

(g) Not transferable

A Class C Performance Share is not transferable.

(h) Reorganisation of capital

If at any time the issued capital of the Company is reconstructed (including a consolidation, subdivision, reduction, cancellation or return of issued share capital), all rights of a Class C Holder will be changed to the extent necessary to comply with the applicable Listing Rules at the time of reorganisation.

(i) Application to ASX

The Class C Performance Shares will not be quoted on ASX. However, if the Company is listed on ASX at the time of conversion of the Class C Performance Shares into Shares, the Company must within 10 Business Days apply for the official quotation of the Shares arising from the conversion on ASX.

(j) Participation in entitlements and bonus issues

A Class C Performance Share does not entitle a Class C Holder (in their capacity as a holder of a Class C Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(k) Amendments required by ASX

The terms of the Class C Performance Shares may be amended as necessary by the Company's board in order to comply with the Listing Rules (if applicable), or any directions of ASX (if applicable) regarding the terms provided that, subject to compliance with the Listing Rules, following such amendment, the economic and other rights of the Class C Holder are not diminished or terminated.

(l) No Other Rights

A Class C Performance Share gives the Class C Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(m) Milestone

A Class C Performance Share in the relevant class will convert into one Share upon the delineation of an "indicated mineral resource" (as that term is defined in JORC, 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves) of not less than 150 million tonnes of coal at greater than 5,000 kcal/kg at the

Project on or before 30 June 2021.

(n) Conversion on change of control

Notwithstanding the relevant milestone has not been satisfied, upon the occurrence of either:

- (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company having received acceptances for more than 50% of the Shares on issue and being declared unconditional by the bidder; or
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

that number of Class C Performance Shares that is equal to 10% of the Shares on issue immediately following conversion under this paragraph will convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of Class C Performance Shares then on issue as well as on a pro rata basis for each Class C Holder. Class C Performance Shares that are not converted into Shares under this paragraph will continue to be held by the Class C Holders on the same terms and conditions.

(o) Redemption if Milestone not achieved

If the relevant milestone is not achieved by the required date, then each Class C Performance Share in that class will be automatically redeemed by the Company for the sum of \$0.00001 within 10 Business Days of non-satisfaction of the milestone.

(p) Conversion Procedure

The Company will issue the Class C Holder with a new holding statement for the Share issued upon conversion of a Class C Performance Share within 10 Business Days following the conversion.

(q) Ranking upon conversion

The Share into which a Class C Performance Share may convert will rank pari passu in all respects with the existing Company Shares.

7. ADDITIONAL INFORMATION

7.1 Interests of Directors

No Director (or entity in which they are a partner or director) has, or has had in the two years before the date of this Prospectus, any interests in:

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

no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- (d) any Director to induce him or her to become, or to qualify as, a Director; or
- (e) any Director for services which he or she (or an entity in which they are a partner or director) has provided in connection

with the formation or promotion of the Company or the Offer, except as disclosed in this Prospectus and as follows.

7.2 Director Holdings

The Directors and their related entities have the following interests in Shares as at the date of this Prospectus:

Director	Shares Held
Mr David Prentice, Non-Executive Chairman	100,000
Mr Josh Puckridge, Executive Director	Nil
Ms Loren King, Non-Executive Director	125,000 ¹¹

Based on the intentions of the Directors at the date of this Prospectus in relation to the Offer, the Directors and their related entities will have the following interests in Shares on Admission:

Director	Shares Held
Mr David Prentice, Non-Executive Chairman	100,000
Mr Josh Puckridge, Executive Director	Nil

¹¹ Shares are held by Risky Vulture Enterprises Pty Ltd, of which Mr Adam King is the sole director and shareholder. Mr Adam King is the husband of Ms Loren King.

Ms Loren King, Non-Executive Director	125,000 ¹²
---------------------------------------	-----------------------

7.3 Remuneration of Directors

The Directors have received the following remuneration since the incorporation of the Company on 1 December 2015 in respect of the financial years ended 30 June 2016 and 30 June 2017.

Director	Remuneration (A\$)
Mr David Prentice, Non-Executive Chairman	Nil
Mr Josh Puckridge, Executive Director	33,000
Ms Loren King, Non-Executive Director	Nil

7.4 Interests of Promoters, Experts and Advisers

No promoter or other person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus (or entity in which they are a partner or director) holds, has, or has had in the two years before the date of this Prospectus, any interest in:

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

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be paid to a promoter or any person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director), provided in connection with the formation or promotion of the Company or the Offer, except as disclosed in this Prospectus and as follows:

- (d) Cicero Advisory will be paid A\$75,000 for the provision of corporate advisory services in respect to the Offer.

The amounts disclosed above are exclusive of GST (if any) payable by the Company in respect of those amounts.

¹² Shares are held by Risky Vulture Enterprises Pty Ltd, of which Mr Adam King is the sole director and shareholder. Mr Adam King is the husband of Ms Loren King.

7.5 Related Party Transactions

At the date of this Prospectus, no material transactions with related parties and Directors' interests exist that the Directors are aware of, other than those disclosed in the Prospectus.

7.6 Expenses of Offer

The total expenses of the Offer payable by the Company are:

A\$5,000,000 Raised	
Expense	Amount (A\$)
ASIC	2,400
ASX	79,500
Broker Commissions	300,000
Broker Success Fee	50,000
Legal Advisor to the Offer	60,000
Legal Advisor Reporting on Tenements	15,000
Investigating Accountant	12,000
Independent Geologist	25,000
Corporate Advisor	75,000
Share Registry	1,500
Printing and Distribution	2,000
Miscellaneous	5,000
Total	627,400

Notes:

1. Refer to section 1.18

7.7 Effect of the Offer on control and substantial Shareholders

Those Shareholders holding an interest in 5% or more of the Shares on issue as at the date of this Prospectus are as follows:

Name	Number of Shares	Percentage of Shares
Bellaire Capital Pty Ltd	510,000	10.2%
ACN 161 604 315 Pty Ltd	425,000	8.5%
Mr Ian Alistair Leete	400,000	8%

Based on the information known as at the date of this Prospectus, on Admission, the following persons will have an interest in 5% or more of the Shares on issue:

Name	Number of Shares	Percentage of Shares (fully diluted)¹³
Kontrarian	50,000,000	50%
Twentieth Century	12,000,000	12%
Station Nominees	8,000,000	8%

7.8 ASX approval and waivers

The Company has sought from ASX:

- (a) in-principle approval pursuant to Listing Rule 6.1 of the terms of the Class A Performance Shares, Class C Performance Shares to be issued to the Consuelo Shareholders pursuant to the Consuelo Agreement on, or shortly following, Completion of the Offer without the need for Shareholder approval;
- (b) confirmation that ASX will not exercise its discretion pursuant to Listing Rule 11.4 to require Velpic Limited, which owned the Tenements prior to Kontrarian, to seek shareholder approval in respect of the disposal of the Tenements; and
- (c) a waiver from Listing Rules 7.1 and 10.1 to allow up to 30,000,000 Shares to be issued as Deferred Consideration to the Consuelo Shareholders pursuant to the Consuelo Agreement following Completion of the Offer without the need for Shareholder approval.

7.9 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offer, by consulting their own professional tax advisers. Neither the Company nor any of its Directors or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

7.10 Continuous Disclosure Obligations

The Company will be a “disclosing entity” for the purposes of Part 1.2A of the Corporations Act. As such, it will be subject to regular reporting and disclosure obligations which will require it to disclose to ASX any information which it is or becomes aware of concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the securities of the Company.

¹³ Assuming that all Shares, Class A Performance Shares, Class C Performance Shares and Deferred Consideration under the Consuelo Agreement have been issued, all Class A Performance Shares and Class C Performance Shares have been converted, and assuming A\$500,000 of expenditure is not reimbursed to Kontrarian.

7.11 Litigation and Claims

So far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company (or any other member of the Group) is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company or the Group.

7.12 Consents

Each of the parties referred to in this Section:

- (a) has given the following consents in accordance with the Corporations Act which have not been withdrawn as at the date of lodgement of this Prospectus with ASIC; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes 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.

None of the parties referred to in this Section authorised or caused the issue of this Prospectus or the making of the Offer.

PAC Partners Pty Ltd has given its written consent to being named as the Lead Manager to the Company in respect to the Offer. PAC Partners Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Cicero Advisory has given its written consent to being named as the corporate advisor to the Company in respect to the Offer. Cicero Advisory has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Cicero Corporate has given its written consent to being named as the provider of corporate secretarial services to the Company in respect to the Offer. Cicero Corporate has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

HLB Mann Judd has given its written consent to be named as Investigating Accountants and to the inclusion of the Investigating Accountant's Report in Section 4 of the Prospectus in the form and context in which the report was included. HLB Mann Judd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Automic Pty Ltd has given its written consent to being named as the share registry to the Company. Automic Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

HLB Mann Judd has given its written consent to being named as auditor to the Company. HLB Mann Judd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Zephyr Consulting Group Pty Ltd has given its written consent to being named as the independent geologist and to the inclusion of the Independent Geologist's Report in Section 4 of the Prospectus in the form and context in

which the report was included. Zephyr Consulting Group Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Eaton Hall has given its written consent to being named as Australian legal advisor to the Company. Eaton Hall has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Each of the Directors has given their written consent to being named in this Prospectus in the context in which they are named and have not withdrawn their consent prior to lodgement of this Prospectus with ASIC.

7.13 Electronic Prospectus

Pursuant to Regulatory Guide 107 ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Shares in response to an electronic application form, subject to compliance with certain provisions. If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

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. In such a case, the Application moneys received will be dealt with in accordance with section 722 of the Corporations Act.

7.14 Documents Available for Inspection

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company at Suite 9, 330 Churchill Avenue, Subiaco, Western Australia:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 7.12.

7.15 Statement of Directors

The Directors report that after due enquiries by them, in their opinion, since the date of the financial statements in the financial information in Section 4, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

8. INDEPENDENT GEOLOGIST'S REPORT

Zephyr Consulting Group Pty Ltd
Independent Geologists

INDEPENDENT GEOLOGISTS' REPORT
on the
CONSUELO COAL PROJECT
BOWEN BASIN,
QUEENSLAND

prepared for
LUSTRUM MINERALS LIMITED

Author:	John Holmes
Company:	Zephyr Consulting Group Pty Ltd
Email:	john.holmes@zephyrgroup.com.au
Date:	18 August, 2017

Executive Summary

Zephyr Consulting Group (“Zephyr”) has been engaged by Lustrum Minerals Limited (ACN: 609 594 005) (“Lustrum” or “the Company”) to prepare an Independent Geological Report (“Report”) on its Consuelo Coal Project (“the Project” or “Consuelo”). The Company has entered in to an agreement to acquire a 100% interest in the Project, via its purchase of Consuelo Coal Holdings Pty Ltd (“Consuelo Coal”). Summaries of the material terms of the acquisition are outlined elsewhere in the prospectus.

This Report is to be included in a prospectus to be lodged with the Australian Securities and Investments Commission (“ASIC”) on or about the 18 August, 2017 offering 25,000,000 shares at an issue price of 20 cents per share (“Prospectus”) to raise \$5.0 million (before costs associated with the issue). These funds will primarily be used for the exploration, evaluation and development of the Project as outlined in this Report.

This report provides an independent technical review of the Project as at 18 August 2017. The Zephyr report has been prepared in accordance with the guidelines of the JORC Code (2012) and the Valuation of Mineral Assets and Mineral Securities for Independent Expert’s Reports (the “Valmin Code”) (2015) as adopted by the Australian Institute of Geoscientists (“AIG”) and the Australasian Institute of Mining and Metallurgy (“AusIMM”).

Lustrum is a company preparing to list on the Official List of Australian Securities Exchange (“ASX”). Its principal business is mineral exploration. Lustrum has entered in to an agreement to acquire 100% of Consuelo Coal, the owner of the Project situated in central Queensland. Consuelo, considered prospective for coal mineralisation based on previous exploration on and around the Project, consists of three (3) granted Exploration Permits for Coal (“EPC’s”).

Planned exploration may discover commercial concentrations of valuable minerals or alternatively fail to provide encouraging results. Lustrum has agreed to acquire a 100% interest in the Project, via acquiring Consuelo Coal, primarily for its potential to contain coal.

It is Zephyr’s opinion that the mineral property described in this Report warrant the proposed evaluation, exploration and testing programs budgeted at \$3.0M, based on the proposed capital raising under the terms of the Prospectus. It is noted that proposed programs may be subject to change according to results yielded as work is carried out.

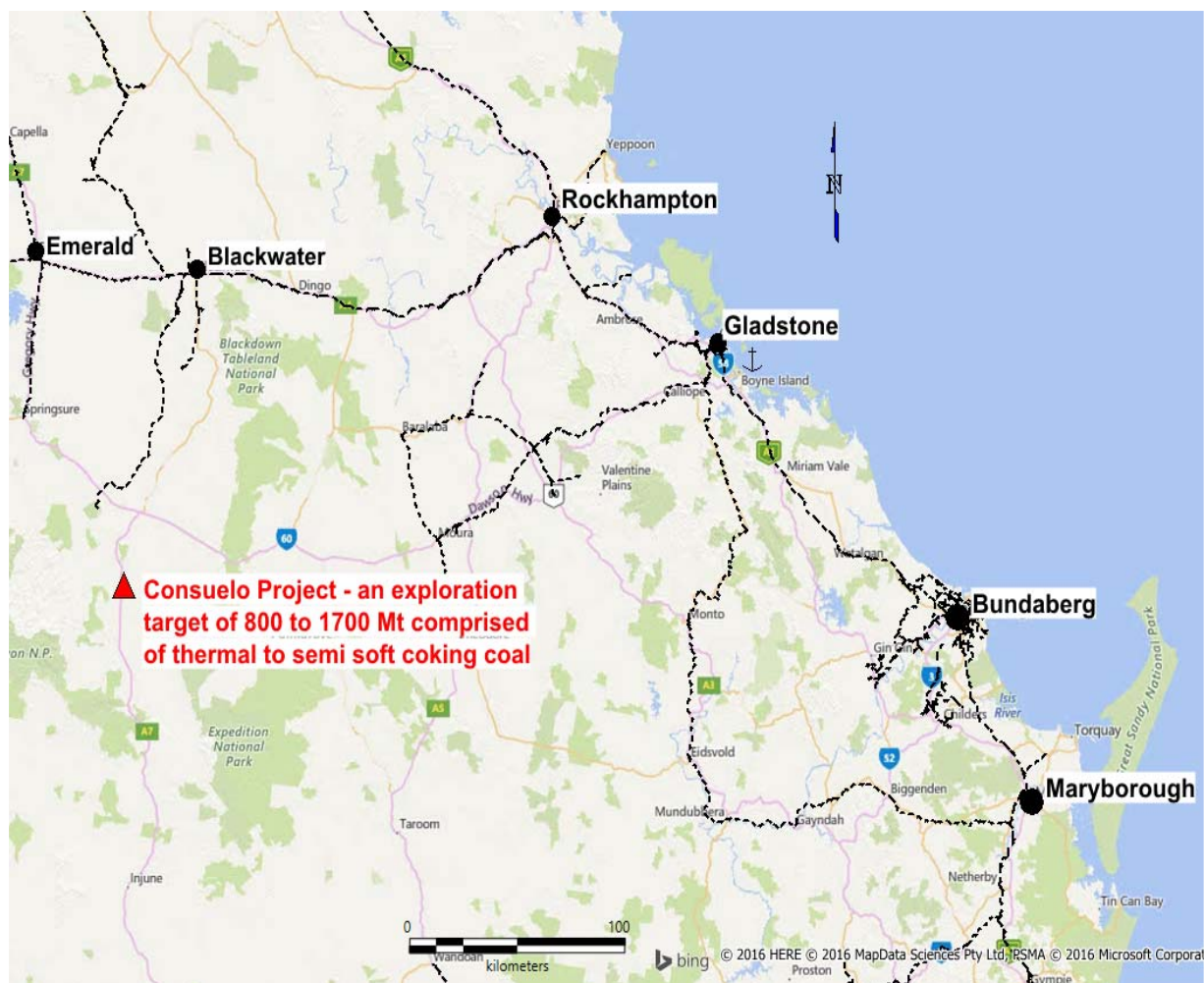


Figure 1: Consuelo Project Location Plan.

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The Directors
18 August 2017
Lustrum Minerals Limited
Suite 9, 330 Churchill Avenue
Subiaco, WA 6008
Australia

Dear Sirs,

INDEPENDENT REPORT ON THE CONSUELO COAL PROJECT

1.0 Introduction

Zephyr Consulting Group (“Zephyr”) has been engaged by Lustrum Minerals Limited (ACN: 609 594 005) (“Lustrum” or “the Company”) to prepare an Independent Geological Report (“Report”) on the Consuelo Coal Project (“the Project” or “Consuelo”). The Company has entered in to an agreement to acquire a 100% interest in the Project, via its purchase of Consuelo Coal Holdings Pty Ltd (“Consuelo Coal”). Consuelo Coal and its wholly owned subsidiaries are the owners of the Project. Summaries of the material terms of the acquisition are outlined elsewhere in the prospectus.

This Report is to be included in a prospectus to be lodged with the Australian Securities Exchange (“ASX”) on or about the 18 August, 2017 offering for subscriptions of 25,000,000 shares at an issue price of 20 cents per share (“Prospectus”) to raise \$5.0 million (before costs associated with the issue). These funds will primarily be used for the exploration, evaluation and development of the Project as outlined in this Report. The reader is referred to table 3 on page 23 of this Report for the proposed budget.

The legal status, including land access considerations associated with the Exploration Permits for Coal, is subject to a separate Legal tenement Report, which appears in Section 9 of this Prospectus. These matters have not been independently verified by Zephyr. The present status of EPC’s listed in this Report is based on information provided by Lustrum and the Report has been prepared on the assumption that the EPC’s will prove lawfully accessible for evaluation and development. Zephyr have not undertaken any independent title searches to establish good standing nor to establish their ownership. The solicitors to the prospectus have undertaken these tasks.

In the course of the preparation of this Report, Zephyr has been provided access to all relevant data held by the Company. Zephyr have made all reasonable endeavours to verify the accuracy and relevance of the database. In our opinion, Lustrum has been professionally thorough in dealings during the preparation of this Report.

Lustrum has warranted to Zephyr that full disclosure has been made of all material in its possession and that the information provided, is to the best of its knowledge, accurate and true. None of the information provided, has been specified as being confidential and not to be disclosed in our Report. As recommended by the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2015 (the “Valmin Code”), Lustrum has indemnified Zephyr for any liability that may arise from Zephyr’s reliance on information provided by or not provided by the Company.

Geologist, J. Holmes, who is a Member of the Australian Institute of Geoscientists (“AIG”) has prepared this Report. Mr Holmes has more than 25 years continuous professional experience and qualifies as an Expert as defined in the Valmin Code. The information in this Report that relates to exploration results, mineral resources or ore reserves is based on information compiled by J. Holmes. Mr Holmes is a Partner of Zephyr and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (“JORC Code”). Mr Holmes consents to the inclusion in this Report of the matters based on his information in the form and context in which they appear.

This Report has been prepared in accordance with the relevant requirements of the ASX Listing Rules, ASIC Regulatory Guides 111 & 112, JORC Code (2012) and the Valmin Code 2015, which is binding on Members of AIG and Members of AusIMM.

Zephyr is an independent geological consultancy. Neither Zephyr nor any of its directors, employees or associates have any material interest either direct, indirect or contingent in Lustrum nor in any of the mineral properties included in this Report nor in any other asset of Lustrum nor has such interest existed in the past. This Report has been prepared by Zephyr strictly in the role of an independent expert. Professional fees payable for the preparation of this Report constitutes our only commercial interest in Lustrum. Payment of fees is in no way contingent upon the conclusions in this document.

Lustrum will be invoiced and expected to pay a fee, estimated to be between \$5,000 and \$12,000 +GST for the preparation of this Report. This fee comprises a normal, commercial daily rate plus expenses. Except for these fees, neither the writer nor any family members nor Associates have any interest, nor the rights to any interest in Lustrum, nor any interest in the mineral assets reported upon. Lustrum has confirmed in writing that all technical data known to it was made available to the writer. The title of this report shall not pass to the Company until all professional fees have been paid in full.

1.1 Statement of Competence

This Report has been prepared by John Holmes. He is a Partner of Zephyr, a qualified geologist, a Member of the Australian Institute of Geoscientists (“AIG”). He has had over 25 years of continuous experience in mineral exploration and evaluation. The writer holds the appropriate qualifications, experience and independence to qualify as an independent “Expert” and “Competent Person” under the definitions of the JORC Code and the Valmin Code.

2.0 Summary

2.1 Introduction

Lustrum has an agreement to acquire a 100% interest in the Consuelo Coal Project located in the Bowen Basin in central Queensland about 694km north west of Brisbane (the Project location is depicted on Figure 1). Consuelo is considered prospective for high quality thermal coal deposits with scope for a semi soft coking coal product. Glencore's Rolleston Open Cut Thermal Coal Mine located 10km northwest of Consuelo is currently in production at a rate of up to 19 Mtpa. The Arcadia Coal Project, located immediately east of Consuelo, hosts an Inferred Resource of 273Mt within the Bandanna Formation.

Consuelo is at the exploration stage and therefore is speculative involving a degree of risk, albeit that coal is known to occur in the immediate vicinity of the Project. An Exploration Target has been estimated for the Project; being 800 to 1,700 Million tonnes of coal between surface and 750m vertical. Importantly, 300 to 800Mt of the Exploration Target is estimated in the surface to 250m depth range. The potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Analysis of a range of historic boreholes both within and in the vicinity of the Project has demonstrated the presence of high quality, moderate to thick coal seams in the Bandanna Formation and the scope for moderate to thick seams in the Mantuan Formation, which is deeper in the stratigraphic sequence than the Bandanna Formation. The Bandanna Formation does not outcrop within the Consuelo Project area, however historical 2D seismic lines and structural interpretation indicate that the Bandanna Formation, and as such the target coal seams, is nearest to surface in the north and west of the Consuelo Project area within anticlinal fold closures. The limbs of the anticlines demonstrate gentle to flat dips in a simply folded structural model with limited faulting in the sequence.

Based on available coal quality data It is anticipated that an export quality thermal coal product with a high calorific value, high volatiles, low sulphur and an 8% ash content (post washing) could be produced. In addition, there is indication that a semi-soft coking coal product (CSN of 2.5 – 4) could be produced, but this requires further drilling of large diameter core to evaluate.

The Exploration Target demonstrates the areas potential to host an open-cut to underground coal project producing high quality thermal and/or semi-soft coking coal. The modelling work completed to develop the Exploration Target indicated that completion of several exploration boreholes within the Project would be expected to enable the calculation of Inferred Resources.

The Project is well serviced by existing infrastructure, such as roads, rail and power. Consuelo is located within a relatively sparsely populated rural community, consisting of broad acre farming and grazing.

We believe that the Project is in a favourable geological environment where there is potential, given normal exploration risk, for providing positive results. This assumption is based on historic boreholes both within and in the vicinity of the Project, interpretation of historical 2D seismic lines and the presence of coal deposits in the immediate vicinity. Planned exploration may discover commercial concentrations of valuable minerals or alternatively fail to provide encouraging results.

2.2 Coal Mining in Queensland

Queensland has a rich endowment of high-quality coal, with approximately 34 billion tonnes (Bt) (raw) estimated in 2010, identified by government and industry exploration. This includes both metallurgical (coking and pulverised coal injection or (PCI)) coals and thermal coals, with a substantial amount still considered potentially suitable for open-cut mining. The amount of coal is expected to be much larger now as a result of considerable exploration in the last five years, especially in the Galilee Basin.

There is high demand for Queensland's coking and thermal coals, which are low in ash and sulphur. Queensland's production and exports are expected to rise over the medium to long term based on significant local and foreign investment in new coal mining projects proposed for the Galilee and Surat basins. Coal exports from Queensland reached approximately 216.7 Mt in 2014-15. Exploration expenditure for coal in Queensland was \$160.7 million in 2015.

Queensland's coals range in age from Carboniferous to Tertiary. The commercially significant black coals are restricted to deposits within sedimentary basins of Permian, Triassic and Jurassic age, located mainly in the central and eastern portions of the State (see Figure 2).

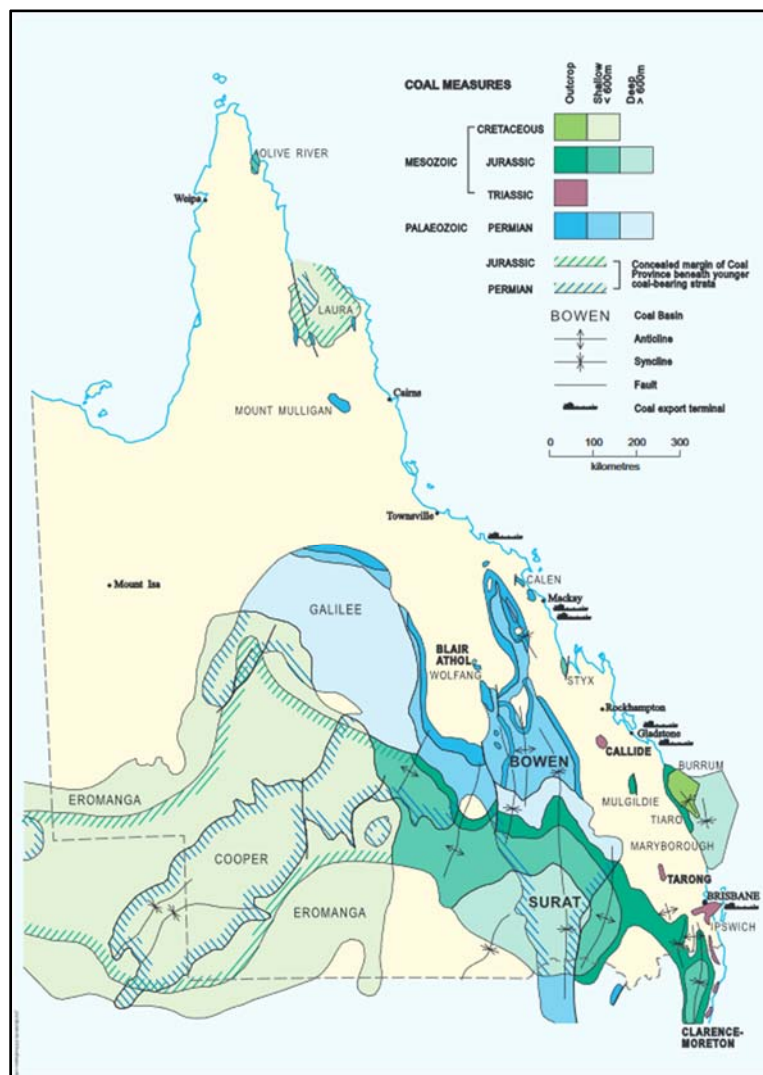


Figure 2: Queensland Sedimentary Basins and Coal Measures

The most important Permian coal basin is the Bowen Basin, which is exposed in a large, triangular-shaped area of central Queensland, 600km long and up to 250km wide. The basin extends south in the subsurface beneath Mesozoic sediments of the Surat Basin, and connects with the Gunnedah and Sydney Basins in New South Wales.

The Galilee Basin, which is connected to the Bowen Basin across the Springsure Shelf, contains large quantities of high volatile, low rank thermal coal. Exploration to date has been limited because of its remote location. In excess of 1Bt of high volatile thermal coal has been identified to date, and additional unquantified tonnages undoubtedly exist in areas still to be tested

Jurassic coal measure sequences are widely distributed in southern Queensland, with proven coal resources only second in size and extent to those of the Permian. These deposits have been little mined to date because the Permian resources are more accessible. The principal coal-bearing sequences of economic interest occur in the Clarence–Moreton and Surat Basins of south-east Queensland.

3.0 Coal

Coal is a combustible black or brownish-black sedimentary rock composed primarily of carbon along with varying amounts of hydrogen, oxygen, sulphur and nitrogen. It is formed when accumulated organic matter is buried, decays and is exposed to heat and pressure over millions of years. Layers of coal are interspersed with other sedimentary layers, like shale and sandstone, to form coal seams which range in size from millimetre scale to several metres in thickness.

There are two broad categories of coal: black and brown. Black coal contains less moisture, giving it a higher energy value than brown coal, and also emits fewer greenhouse gases than brown coal. Brown coal (also known as lignite) is relatively soft, with a lower carbon content and higher moisture content than black coal.

Throughout history, coal has been used as an energy resource, primarily burned for the production of electricity and heat – thermal coal – and is also used for industrial purposes, such as refining metals – coking coal.

Coal is ranked based on its energy value, carbon content and moisture levels, with biological and geological processes (elevated temperature and pressure) over time impacting on the metamorphic grade of the coal. Coal rank ranges from:

- Peat – considered to be a precursor of coal, it has industrial importance as a fuel in some regions,
- Lignite (or brown coal) – the lowest rank of coal and used almost exclusively as fuel for electric power generation,
- Sub-bituminous coal – ranging from lignite to bituminous coal, is used primarily as fuel for steam-electric power generation,
- Bituminous coal (or black coal) – a dense sedimentary rock, usually black, but sometimes dark brown, often with well-defined bands of bright and dull material; it is used primarily used for heat and power applications in manufacturing and metallurgical (coking) coal, and
- Anthracite – the highest rank of coal, is a harder, glossy black coal with the highest metamorphic grade and is used primarily for residential and commercial heating.

Thermal coal, which ranges from lignite / brown coal through to bituminous / black coal, is used for electricity generation, usually pulverised and burnt in a furnace with a boiler to produce steam

for driving turbines. Coking coal, or metallurgical coal, is low-ash, low-sulphur bituminous coal that is used as a reducing agent in smelting iron for steel production. Volatile constituents within the bituminous coal are driven off by baking in an oven without oxygen at temperatures of up to 1,000°C to produce coke where the fixed carbon and residual ash are fused together. The quality of coking coal is measured as the crucible swelling number (CSN) which determines the swelling properties of the coal when heated in a covered crucible and ranges from 0, where there is no swelling, up to 9 which is maximum swelling.

4.0 Consuelo Coal Project

The Consuelo Coal Project, which consists of three (3) granted Exploration Permits for Coal (“EPC’s”) within the Bowen Basin, is considered prospective for high quality thermal coal deposits with scope for a semi soft coking coal product based on previous exploration both within and in the vicinity of the Project.

4.1 Location, Access, Tenure and Infrastructure

The Project is located in central Queensland about 694km north west of Brisbane, 275km west of Gladstone and 5km south west of the township of Rolleston, in the Bauhinia Shire of the Central Highlands Regional Council. The township of Rolleston supports a sparsely populated rural community, consisting of broad acre farming and grazing, and the local coal mining industry.

Access to the Project from Gladstone is via a series of sealed highways to Rolleston, then via the Carnarvon Highway running south from Rolleston through the centre of the Project area. Unsealed roads and farm tracks provide good access within the Project area.

Lustrum holds three (3) granted EPC’s covering a total area of 326.85km² over the Consuelo Coal Project. See Table 1 for details of the EPC’s and Figure 3 for locations).

EPC No.	Status	Date Granted / Extended	Term	Project Name	Holder(s)	Sub Blocks	Area (km ²)
2318	Granted	23/07/2017	4 years	Wild Horse Swamp	CFR Consuelo 2318 Pty Ltd (80%) ICX Consuelo 2318 Pty Ltd (20%)	26	80.95
2327	Granted	30/01/2014	4 years	Christmas Creek	Consuelo Coal EPC 2327 Pty Ltd (100%)	59	183.57
2332	Granted	23/07/2017	4 years	Mt Panorama	CFR Consuelo Pty Ltd (80%) ICX Consuelo Pty Ltd (20%)	20	62.33

Table 1: Consuelo Exploration Permits for Coal

The Consuelo EPC’s are affected by strategic cropping areas as defined under the Regional Planning Interests Act 2014 (see Legal Tenement Report for further details), with all of EPC 2332 and part of EPC 2318 covered by a Strategic Cropping Protection Area (“SCPA”) and all of the EPC’s partially covered by Strategic Cropping Trigger Areas (SCTA”). It is estimated that 19% of the Project is covered by SCPA and 25.5% is covered by SCTA’s. The strategic cropping areas may restrict the ability to develop open cut coal mines, although they do not appear to specifically exclude underground mines. The strategic cropping areas may not be applicable for the majority of Consuelo as current land use is predominantly cattle grazing and not intensive farming.

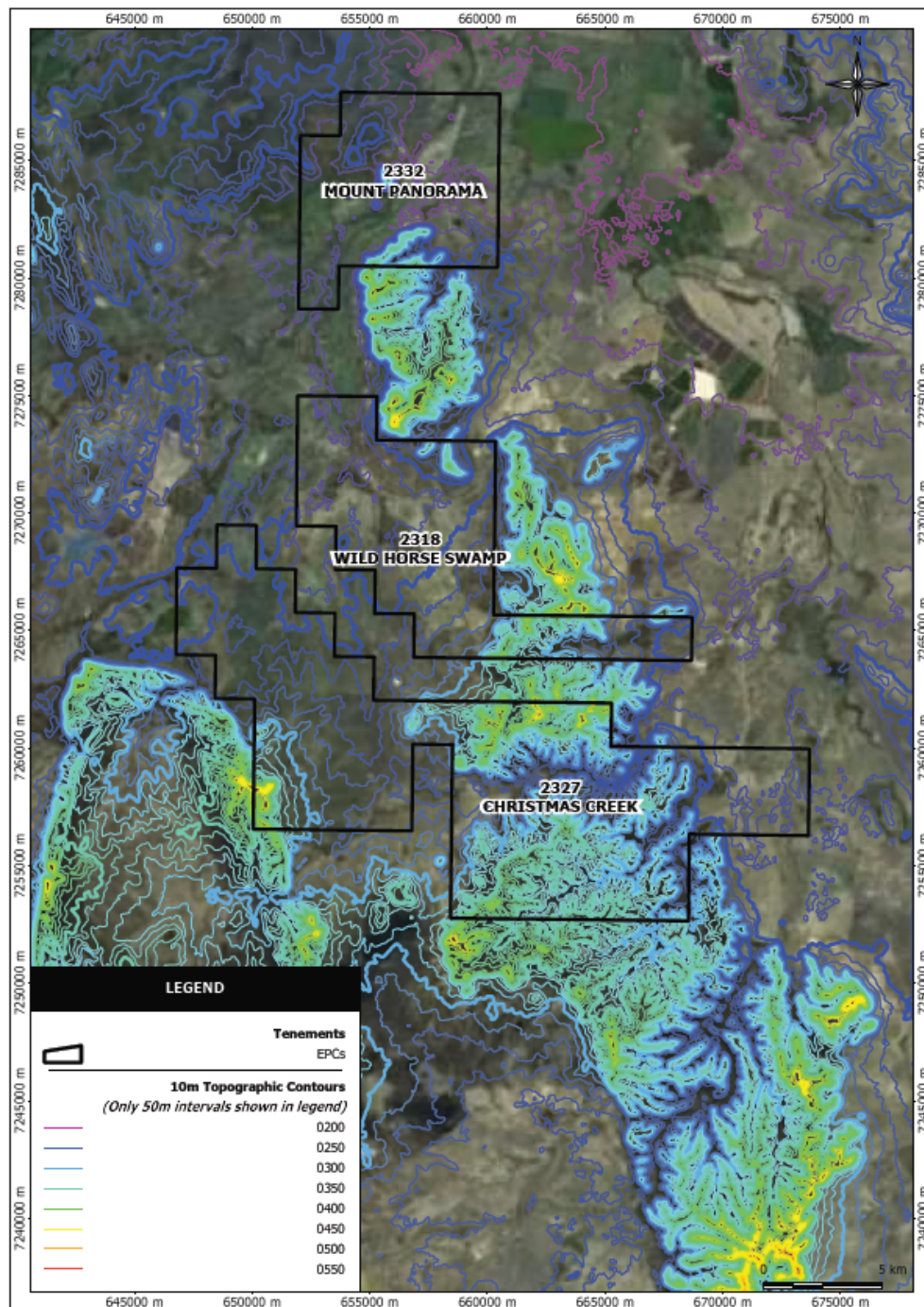


Figure 3: Consuelo Exploration Permits for Coal

Consuelo is very well serviced with road and rail infrastructure, with the sealed Carnarvon Highway running through the centre of the Project area connecting to Rolleston and beyond via the Dawson Highway and the Blackwater Rail System located approximately 10km northwest of the northern portion of the Project area. The Blackwater Rail System, operated and managed by Aurizon, is an electrified rail system that services the Bowen Basin coal region and carries coal to power stations and the export terminals at the Port of Gladstone.

The Port of Gladstone is a natural deep water harbour and is Queensland's largest multi-commodity port, with total throughput of more than 100 million tonnes per annum. The port includes three coal export terminals; RG Tanna, Wiggins Island and Barney Point

4.2 Regional Geology

The Consuelo Project lies within the central western region of the Bowen Basin, Australia's premier coal-bearing sedimentary basin which contains large deposits of sub-bituminous, bituminous and anthracitic coals. The basin, which extends from Collinsville in the north to Goondiwindi in the south, is up to 250km wide and covers an area of approximately 60,000km², was formed during the Permian-Triassic period. The Bowen Basin is unconformably overlain in the south by the Jurassic-Cretaceous Surat Basin.

The Bowen Basin is comprised of clastic sedimentary rocks, limestone, andesitic volcanoclastic sedimentary rocks and coal, all of which were deposited in the Permian to Middle Triassic under both continental and marine conditions. The Bowen Basin was an area of shallow marine or terrestrial sedimentation for most of the Permian. Coals accumulated throughout almost all this time, initially around the margins and in isolated sites, but eventually coal deposition extended virtually basin-wide during the Late Permian.

Coal measures of varying rank, thickness and continuity including the Bandanna Formation, Baralaba Coal Measures, Rangal Coal Measures, Fort Cooper, Moranbah Coal Measures and Reids Dome Beds are hosted in the basin.

The eastern margin of the Bowen Basin is bounded by a series of north-south trending faults, which are generally westward directed thrusts. In some areas the basin is strongly folded and faulted and a number of north-west to south-east trending regional faults run throughout much of its extent. Important structural features of the basin include the Taroom Trough (50,000km²) along the eastern margin, the Denison Trough (15,000km²) along the western margin, the Arbroath Trough along the south-western margin and the Gogango Overfolded Zone a large thrust zone exhibiting complex folding and faulting which runs along the eastern side.

Consuelo is located within the northern, exposed region of the Denison Trough, a deep, north-northwest trending trough comprising of up to 6.5 km of Permian and Triassic strata along the western margin of the basin. The trough originated as a series of half grabens bounded by east and west dipping normal faults which were inverted into a series of fault propagation anticlines bounded by thrust faults during the Late Permian – Middle Triassic. The Denison Trough is primarily a gas producing sub-basin with well developed gas infrastructure.

Quartz-rich sediments derived from uplifted continental basement were deposited during the initial stages of basin development. These sediments accumulated in the Early Permian and form the syn-rift Reids Dome Beds. Reids Dome Beds and the overlying Cattle Creek Group often underwent rapid lateral facies changes. The uppermost parts of both units exhibit characteristics of a marine transgression.

Sedimentation of the Cattle Creek Group, Aldebaran Sandstone, Freitag Formation and Catherine Sandstone occurred during the Early to Late Permian period depositing mainly offshore marine shelf to coastal plain sediments when there was Post-rift thermal subsidence. Late Permian – Middle Triassic continental sediments are extensive across the Denison Trough, but are generally <800 m thick.

Coal occurs in many of the sedimentary units preserved within the Denison Trough. The main coal intersections are found in the Early Permian Reids Dome Beds and the Late Permian Bandanna Formation (see Figure 4). The Reids Dome Beds comprise sandstone, mudstone, coal and minor conglomerate deposited in fluvial, lacustrine and marginal-marine environments. The Bandanna Formation was deposited in a fluvial-deltaic environment and

comprises mudstone, siltstone, lithic sandstone, coal and tuff. Coal from the Bandanna Formation is mined extensively throughout the Bowen Basin, including in the Denison Trough.

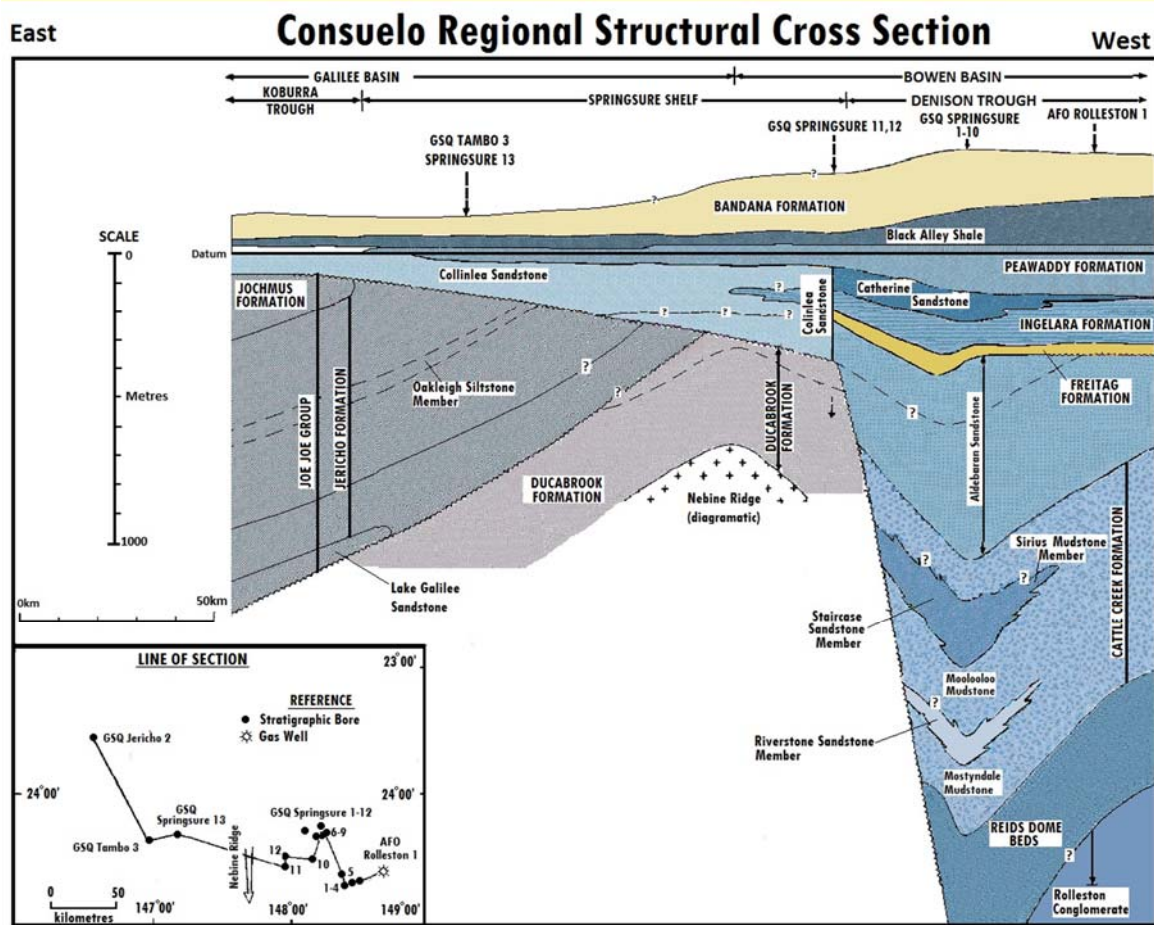


Figure 4: Regional Stratigraphy of the Denison Trough

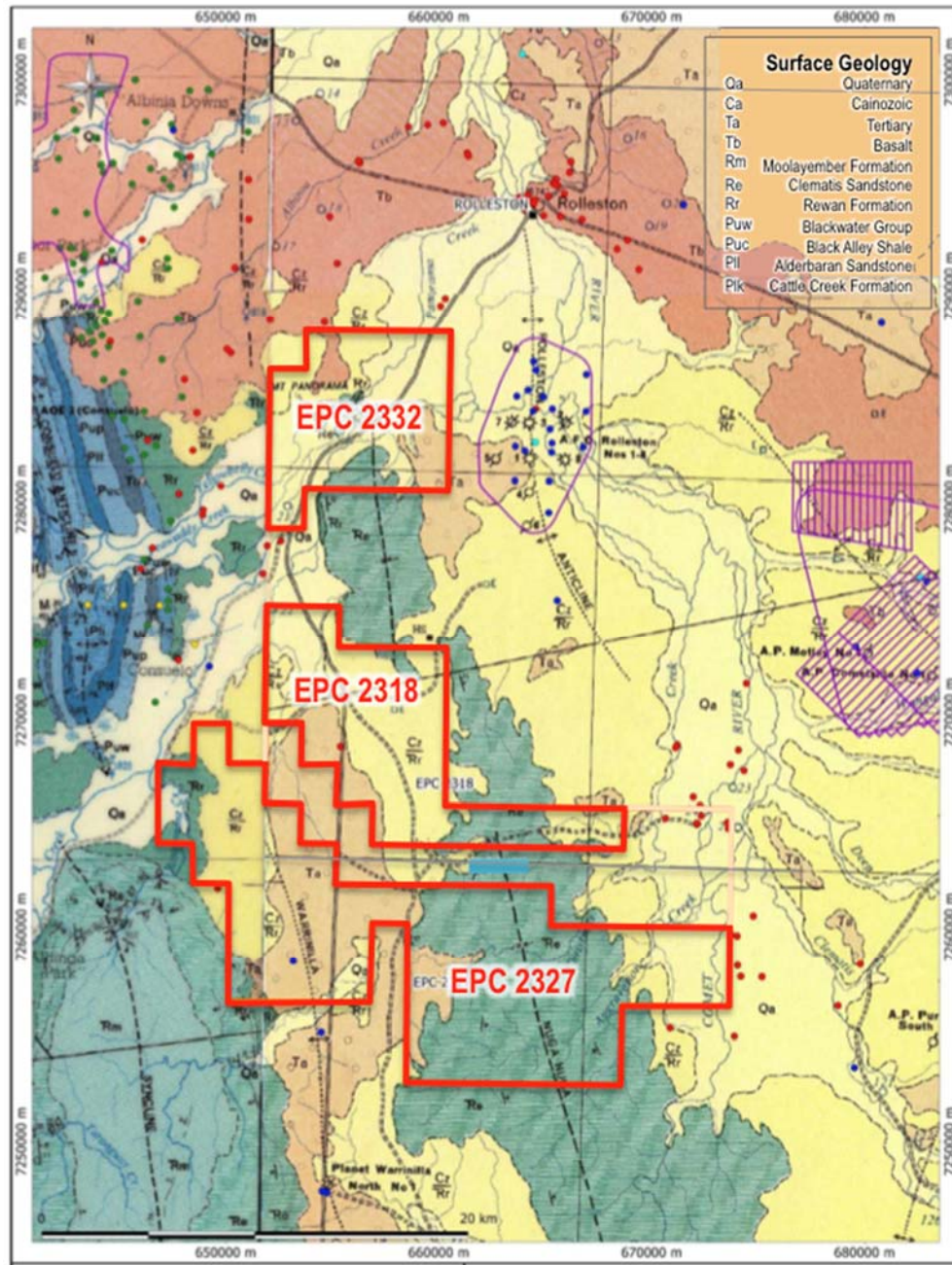
The Rolleston Open Cut Thermal Coal Mine, managed by Glencore on behalf of a joint venture between Glencore Coal Qld (75%), Sumisho Coal Australia Pty Ltd (12.5%) and ICRA Rolleston (12.5%), is located 10km northwest of the Consuelo Project area. Production commenced at Rolleston in 2005 at a rate of 5.0 Mtpa and has progressively ramped up to 19 Mtpa.

The Arcadia Coal Project, located immediately east of the Consuelo Project area, hosts an Inferred Resource of 273Mt across two deposits, being South Rolleston and Purbrook, hosted within the Bandanna Formation. A potential underground development is being considered at the Purbrook deposit from depths below approximately 210m. The raw coal quality indicates an inherent moisture of approximately 4.5%, ash content of 12%, sulphur content of 0.33% and a calorific value of some 6660 Kcal/kg on air dried basis. Coal quality testing implies an excellent thermal coal as well as potential for a washed semi-coking product.

4.3 Local Geology

The Consuelo Project area is largely covered by Quaternary and Cainozoic sedimentary units and minor Tertiary basalt (north western portion of EPC2332) overlying rock units of the Upper Permian to Triassic sequence of the Denison Trough. The main outcropping Denison Trough units within the area are the Clematis Sandstone and underlying Rewan Group. The Clematis

Sandstone, which outcrops over large areas in EPC 2318 and EPC 2327 and the southern region of EPC 2332, is mainly composed of sandstone and to a lesser degree, micaceous siltstone. The Rewan Group, which generally occurs in the eastern region of each tenement, consists of sandstone, siltstone and shale and is characterised by the distinctive brick red (and in some cases green) colour of the shale (see Figure 5).



Source: Biggs, M & Nowland, M., 2012

Figure 5: Consuelo Project – Local Geology

The Rewan Group overlies the Late Permian Bandanna Formation, which is exposed approximately 5 km to the west of the Consuelo Project area. The Bandanna Formation, which ranges from 100m to 180m in thickness in the Rolleston area, is the most prospective in the Project for coal resources and is known to host major coal seams of economic significance in the upper section of the Formation.

Six (6) major seams have been identified in the Bandanna Formation within the Rolleston region of the Denison Trough. These seams have been named locally (from uppermost to lowest) the X, A, B, C (+CL), D and E seams. Four of these seams (A, B, C (+CL) and D seams) have been intersected at Freitag Creek to the northwest of Consuelo, where typically 7.5m of coal occurs in A to D Seams.

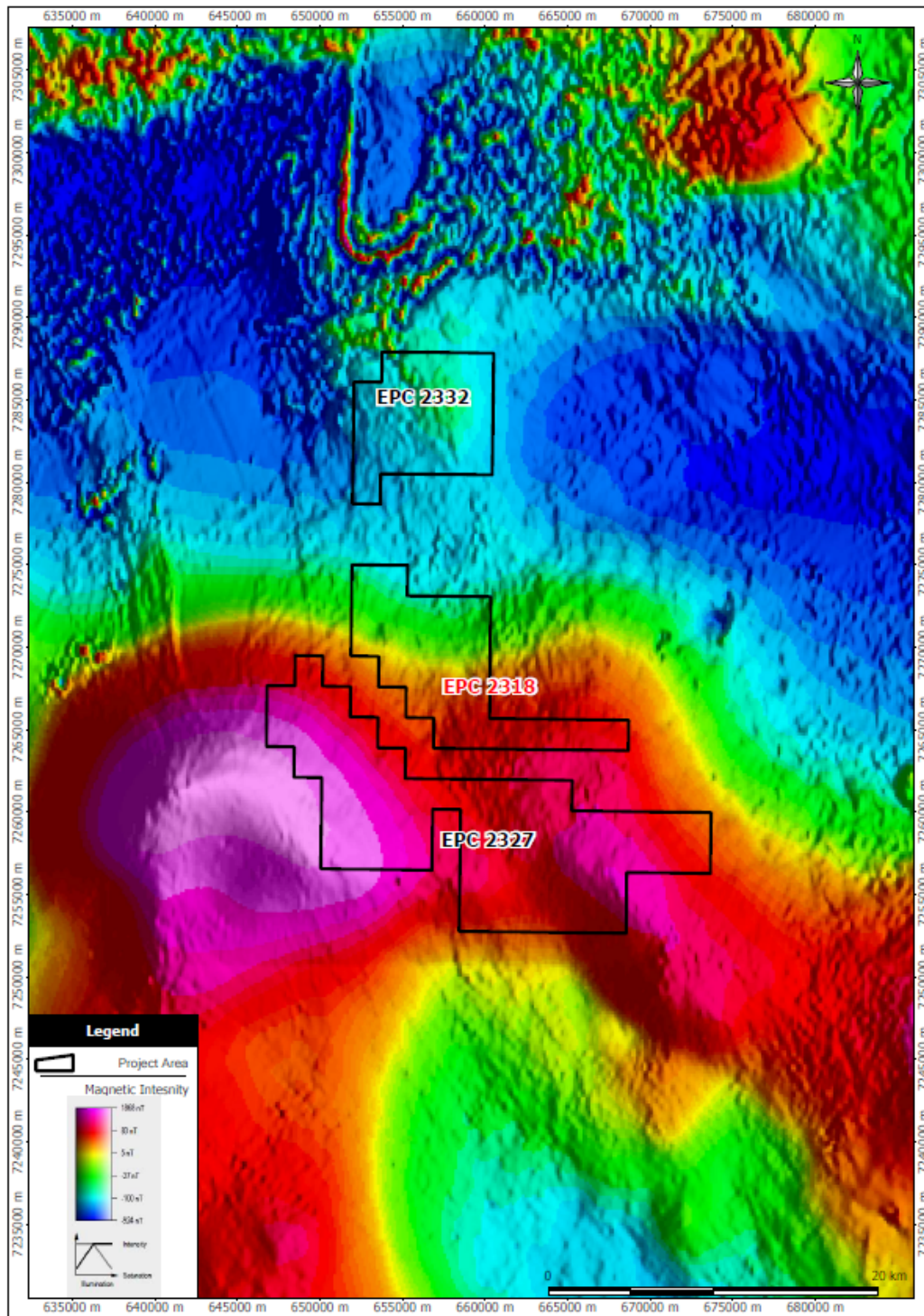
Data, compiled across a range of historical boreholes located to the north west of EPC 2332, indicate the main seams of the Bandanna Formation (A, B, C (+CL) and D seams) contain (on a raw, air dried basis) 6,800 kcal/kg calorific value, 12 to 22% ash, 3 to 8% moisture, 28% volatile matter and CSN of 1 to 2.

The Bandanna Formation overlies the Kaloola Formation and Black Alley Shale which in turn overlies the Mantuan Formation, which has been found to host coal seams of significant thickness (up to 6.2m) which may exhibit coking properties. Coal seams in the Mantuan Formation have been named locally MAN 1 and MAN 2. Deeper in the sequence, the coal-bearing Reids Dome beds could also be present at Consuelo, but it is unlikely to be intersected above 800m within the project area although it does subcrop to the west.

Regional fold structures, with axes trending north-south to north north west – south south east, extend through the Project area. These are the Warrinilla Anticline in the western portion of EPC2327 and slightly west of EPC's 2332 and 2318, the Nuga Nuga Syncline which crosses the central portion of the Project area and the Rolleston Anticline in the eastern portion of EPC2327 and to the east of EPC2332. The Clematis Sandstone has largely been eroded away along the anticlinal structures, leaving remnant Rewan Group sediments overlying the prospective Bandanna Formation. As such the target coal seams within the Bandanna Formation are at their shallowest depths in the core and flanks of the anticlines, notably in the north and west of the Consuelo Project area, particularly on the western flank of EPC 2318

Historic 2D seismic lines that cross the Project area, particularly in EPC2332 and the western portions of EPC's 2318 and 2327, indicate that the limbs of the anticlines demonstrate gentle to flat dips in a simply folded structural model and with good continuity of the Bandanna and Mantuan coal seams across the project area. There appears to be limited faulting in the sequence. The seismic lines exhibit a distinctive set of four to five continuous and strong reflectors interpreted to represent the coal bearing package in the upper Bandanna Formation and a further set of two moderate to strong and largely continuous reflectors beneath these that are interpreted to represent the coal seams in the Mantuan Formation.

Geophysical data (regional airborne magnetics and Bouguer gravity) confirms that the Project area covers a dominantly sedimentary sequence and shows little evidence of any local intrusions (see Figure 6).

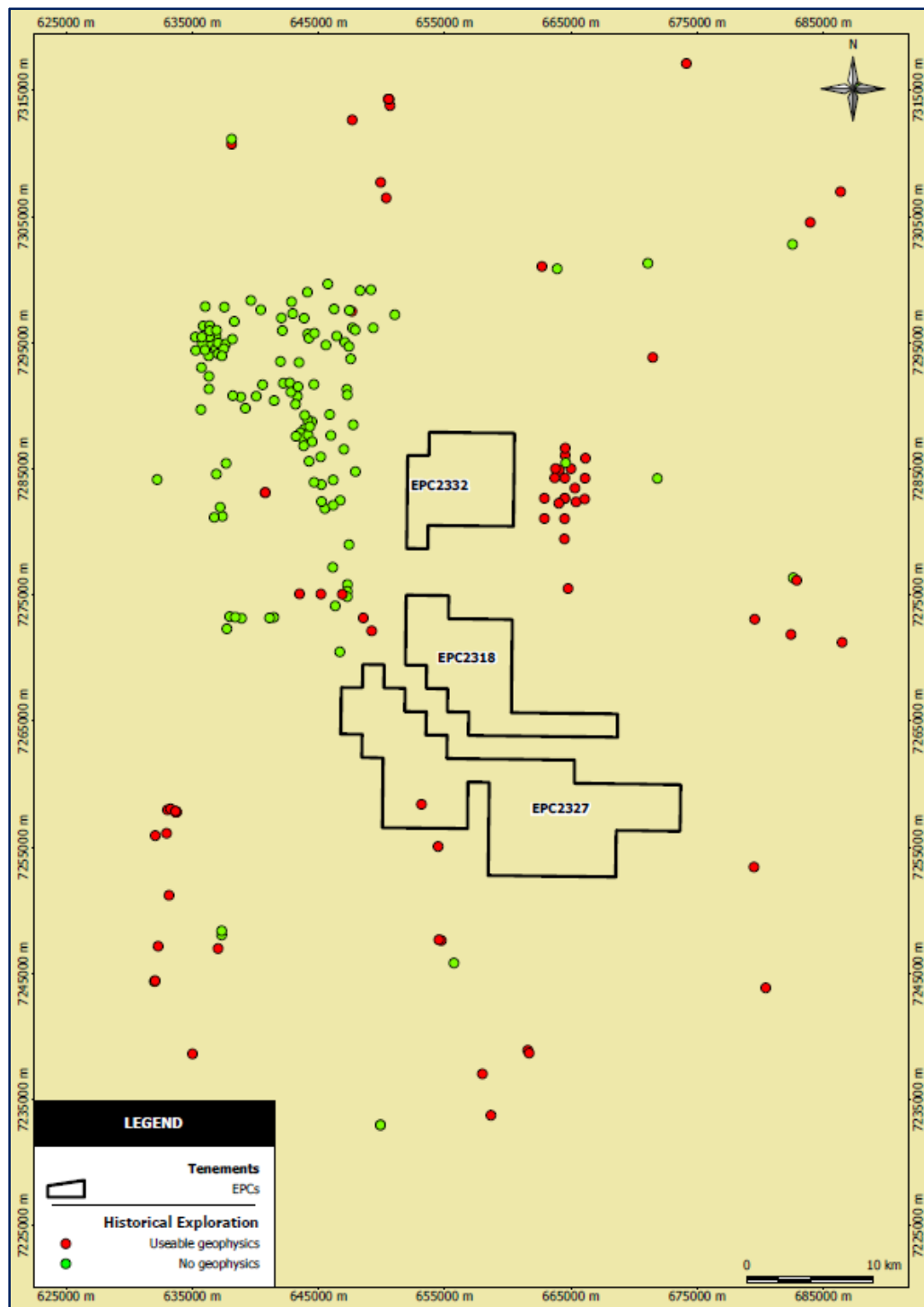


Source: Biggs, M & Nowland, M., 2012

Figure 6: Consuelo Project – Regional Airborne Magnetics (Magnetic Intensity)

4.4 Previous Exploration

Coal and petroleum exploration has occurred in the region of the Consuelo Project since the 1950's and 1960's, with numerous historical coal boreholes, petroleum wells, coal seam gas wells, stratigraphic and water bores surrounding the project (see Figure 7 for borehole locations) and 2D seismic lines that cross the Project area, particularly in EPC 2332 and the western portions of EPC's 2318 and 2327.



Source: Coal Face Resources, 2012

Figure 7: Consuelo Project – Historic Borehole Location

A total of 451 coal boreholes were drilled on historic EPC 57, located to the north and west of Consuelo, which was explored between 1968 and 1987. The majority of the borehole data is unavailable as it relates to ground that remains held under tenure predominantly covering Glencore's Rolleston Coal Mine.

Data from the 97 boreholes in EPC 57 available for review indicates that the target coal measures were hosted by the Blackwater Group in the Bandanna Formation, with seven coal seams (X1, X2, A, B, C, BC and D) described in the upper part of the sequence. The X1 seam

normally consists of 1.0 – 1.5m of coal while the X2 seam varies from 1.0 – 1.5m of coal to 1.0m of carbonaceous shale/coal. Seam A was described as consisting of 0.5m to 2m of dirty coal while the BC seam varied from 3.00m to 3.87m thick which split into the B and C seams going eastward. The D seam has a consistent thickness averaging 4.76m. Coal quality for the D seam, on an air dried basis, showed an ash content of 6.9% with a relative density of 1.37 and specific energy of 25.65MJ/kg.

Borehole C0517, located to the north west of EPC2332, intersected four coal seams within the Bandanna Formation (A, B, C and D seams) between 29m and 91.53m down hole, with thicknesses ranging from 0.67m (C lower seam) up to 4.53m (D seam). Coal quality data from this borehole, on an air dried basis, indicated ash content of 6.8 to 14.3%, moisture of 11.5 to 12.9%, specific energy of 23.9 to 26.6 MJ/kg and sulphur of 0.4 to 0.78%.

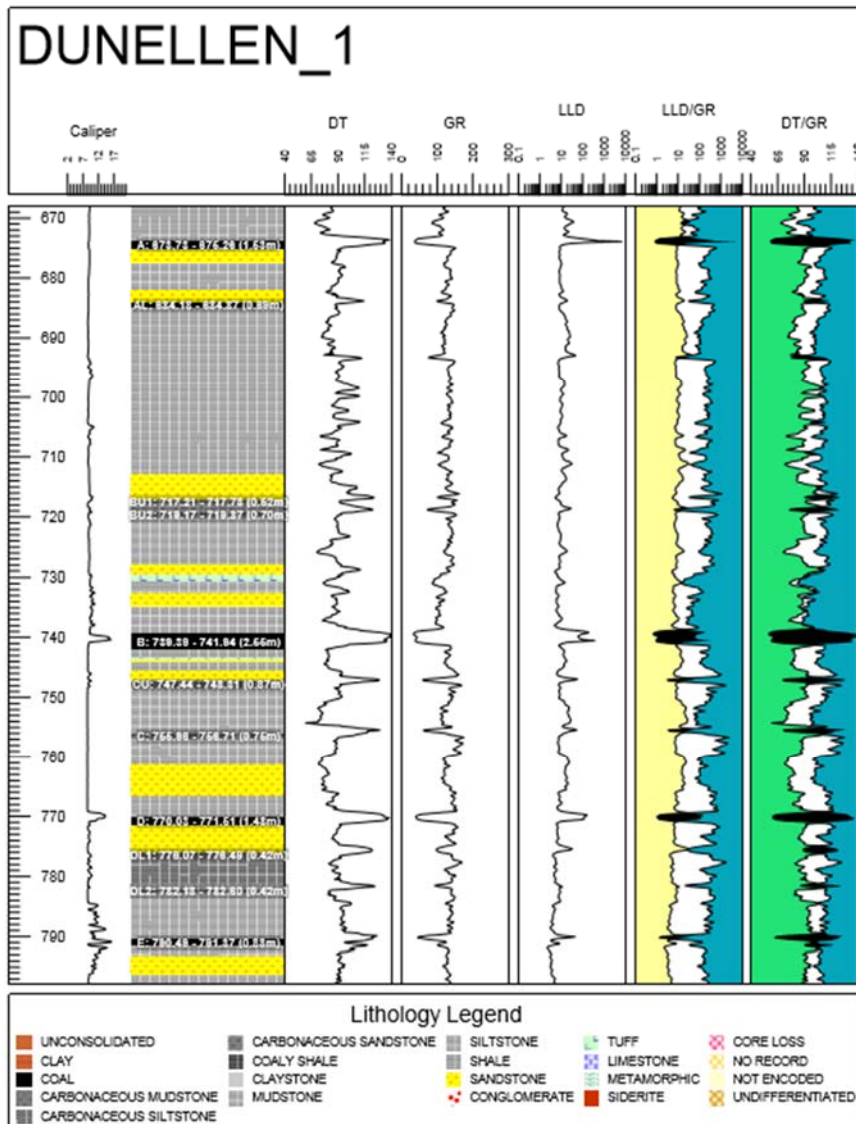
Arcadia Coal Pty Ltd has explored the area immediately to the east of EPC 2332 and north of EPC 2318 under EPC 892 targeting the Rangal Coal Measures. No borehole data is available in the public domain; however Arcadia has publically announced a 273Mt inferred resource at the Arcadia Project, located to the east of EPC 2332.

EPC 1054, located to the south and east of EPC 2327 has been explored for coal by Tri-Star Coal Company, however there is no borehole data available in the public domain.

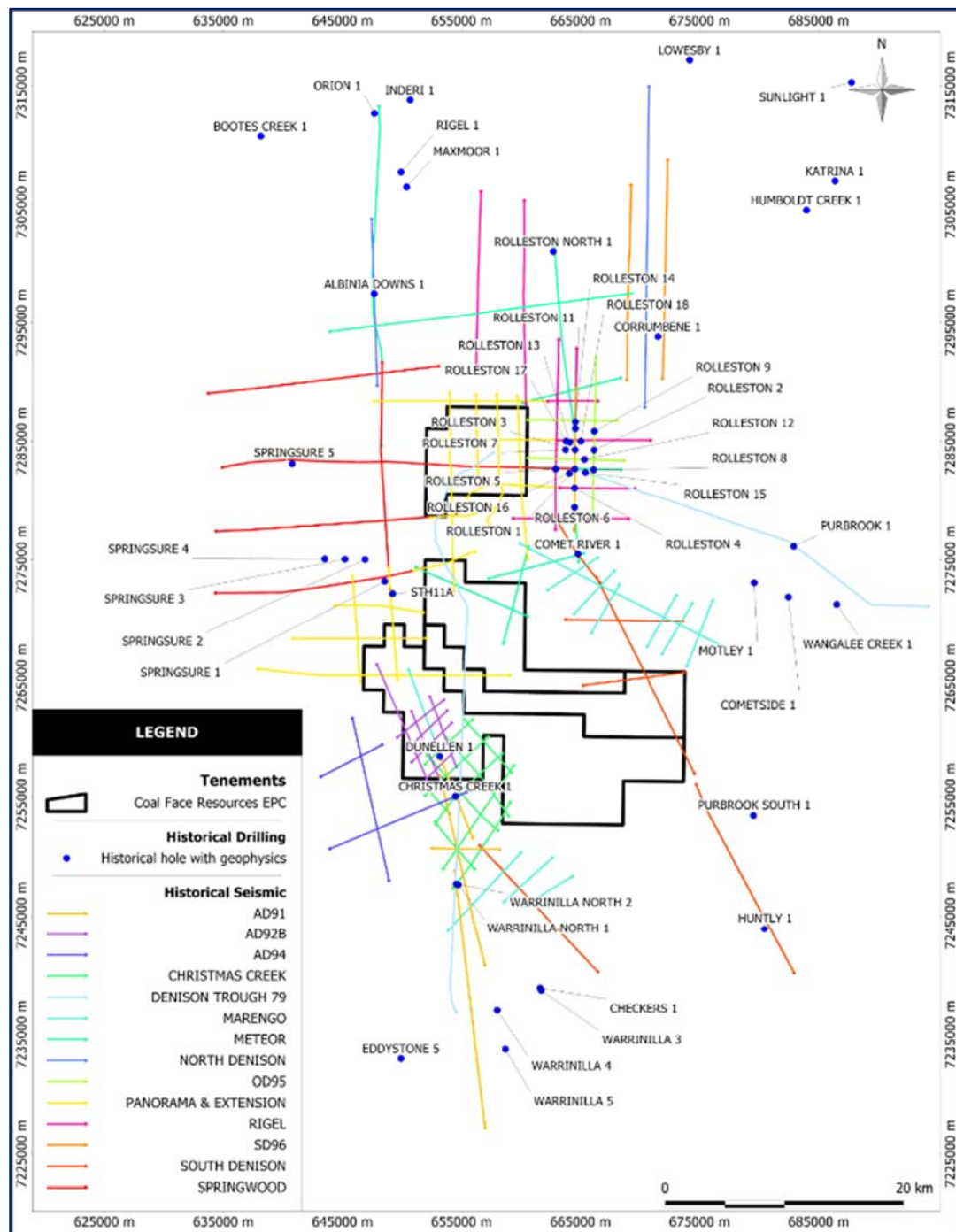
A significant number of petroleum wells have been drilled testing the Denison Trough in the region of the Consuelo Project intersecting various thicknesses of coal formations. The majority of this drilling was completed to the east of EPC 2332, with some to the south of EPC 2327 and one well, Dunellen No.1, drilled within EPC 2327. The majority of the drilling was reported to have intersected coal seams within the Bandanna Formation.

Dunellen No.1 was drilled to a total depth of 1,410m in February 1994 by a joint venture between Oil Company of Australia Ltd (50%) and Santos Limited (50%) within historical ATP 337P. The well, located in the southwest corner of EPC 2327 at 653,163mE, 7,258,399mN and 282.81mRL, intersected five coal seams in the Bandanna Formation (A, B, C, D and E) with seam thickness ranging from 0.42m (D Lower 1 seam) to 2.55m (B seam) at depths between approximately 673m and 790m (see Figure 8). Analysis of the seismic data indicates that the seams extend up dip toward the north west of EPC 2317. Dunellen 1 also intersected the Mantuan 1 seam at 972.9m with a thickness of 0.8m.

Petroleum borehole Rolleston 18, located approximately 5.0km east of EPC 2332, intersected four major coal seams in the Bandanna Formation (A, B, C, and D) with seam thickness ranging from 0.57m (B Lower seam) to 3.55 m (B seam) at depths between 250m and 340m. The Mantuan 1 seam was intersected at 599 m in borehole Rolleston 18 with a thickness of 2.3m.



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4.5 Exploration Potential

The Consuelo Project is considered prospective for high quality thermal coal deposits with scope for a semi soft coking coal product based on analysis of previous exploration both within and in the vicinity of the Project. A range of historic boreholes within and proximal to the Project demonstrate the presence of high quality, moderate to thick coal seams in the Bandanna Formation and the scope for moderate to thick seams in the Mantuan Formation, which is deeper in the stratigraphic sequence than the Bandanna Formation.

The Bandanna Formation does not outcrop within the Consuelo Project area, however two north-south to north north west – south south east trending regional anticlines, the Warrinilla and Rolleston Anticlines, that extend through the Project represent zones where the Bandanna Formation, and as such the target coal seams, are expected to be at their shallowest. This interpretation is supported by extensive data from historical 2D seismic lines throughout, and adjacent to, the Project area.

Interpretation of the historic 2D seismic lines indicate that the limbs of the anticlines demonstrate gentle to flat dips in a simply folded structural model and with good continuity of the Bandanna and Mantuan coal seams across the project area, with limited faulting in the sequence. The target coal formations are interpreted to be shallower in the north and west of the Consuelo Project area, particularly on the western flank of EPC 2318.

The seismic lines exhibit a distinctive set of four to five continuous and strong reflectors interpreted to represent the coal bearing package in the upper Bandanna Formation and a further set of two moderate to strong and largely continuous reflectors beneath these that are interpreted to represent the coal seams in the Mantuan Formation. The B and D seams present as the consistently thicker seams with favourable coal quality within the Bandanna Formation and could be expected to be targeted for underground extraction.

Coal quality data is not available from all of the historical boreholes and what is available is irregularly distributed across the region, however there does appear to be a gradual increase in quality, as measured by raw specific energy, across the Project from west to east. It is anticipated that an export quality thermal coal product with a high calorific value, high volatiles, low sulphur and an 8% ash content (post washing) could be produced. In addition there is indication that a semi-soft coking coal product (CSN of 2.5 – 4) could be produced, but this requires further drilling of large diameter core to evaluate this potential.

All available historic borehole and seismic data were interpreted and used to model the resource potential of the Consuelo Project area (Biggs and Nowland, 2012), developing Exploration Targets for the coal seams in the Bandanna Formation within the Consuelo project area (see Table 2). The estimated Exploration Target ranges from 800 to 1,700 Million tonnes of coal between surface and 750m vertical. Importantly, between 300 and 800Mt of the Exploration Target is estimated in the surface to 250m vertical depth range.

EPC Tenure	Formations	Depth Range (m)	Gross Insitu Coal (Mt) ¹	Unexpected Geological Loss (%vol) ²	Exploration Target – Lower Bound (Mt) ³	Exploration Target – Upper Bound (Mt) ³
All	Bandanna, X–E seams	0 – 250	804.7	10	300	800
All	As above	250 – 500	285.3	10	200	300
All	As above	500 – 750	582.5	15	300	600
Totals					800	1,700

Table 2: Summary of Exploration Targets at Consuelo Coal Project *.

1 The Bandanna Formation has been given an average density of 1.4 g/cc.

2 Unexpected geological loss mainly due to seam splitting and thinning over large distances between boreholes.

3 It should be noted that the tonnages quoted above are conceptual in nature and there has been insufficient exploration to define a coal resource. No coal quality data within the project area was uncovered in previous reports. Although a preliminary analysis was undertaken, insufficient data exists to confidently correlate coal seams and generate a grid mesh model. It is uncertain whether further exploration may lead to the reporting of a JORC-standard resource however there is evidence to support the current exploration tonnage calculations, and the sufficient coal thicknesses interpreted from historic drilling to warrant further investigation in some areas.

These Exploration Targets demonstrate the coal potential of the Consuelo Project and show the areas potential for hosting an open-cut to underground coal project producing high quality thermal and/or semi-soft coking coal. It has been determined from the modelling work completed to develop the Exploration Targets that there is insufficient data available to generate JORC–standard Inferred Resources within the Consuelo Project.

*** Cautionary Statement:** These “Exploration Targets” were prepared by Mr Mark Biggs and Ms Mary Nowland, based on historical borehole and 2D seismic data. The estimates are conceptual in nature, as there is insufficient exploration to define a resource. It is uncertain if further exploration will produce a resource.

5.0 Exploration Budget

Based on the proposed \$5.0 million capital raising under the terms of the Prospectus, Lustrum has provided Zephyr with a proposed budget to evaluate and advance the Consuelo Project over the initial two years after being admitted to the Official List of the ASX (Table 3). Results acquired during the first year will impact on work required during the following year. The exploration program and budget presented may therefore vary during the second year of operations.

\$5.0m Raising	Expenditure A\$		
	Year 1	Year 2	Total
Safety & Environmental	80,000	120,000	200,000
Land Access & Compensation Agreements	40,000	65,000	105,000
Cultural Heritage	50,000	100,000	150,000
Project Management	75,000	120,000	195,000
Drilling Operations	375,000	840,000	1,215,000
Downhole Geophysical Logging	25,000	65,000	90,000
Earthworks & Rehabilitation	60,000	125,000	185,000
Geological Services	145,000	245,000	390,000
Surveying	25,000	40,000	65,000
Ancillary & Consumables	20,000	40,000	60,000
Laboratory Analyses	70,000	145,000	215,000
Resource Modelling / Scoping Study	50,000	80,000	130,000
Total	\$1,015,000	\$1,985,000	\$3,000,000

Table 3: Lustrum Consuelo Coal Project – Two Year Exploration Budget

The Consuelo Project is considered prospective for high quality thermal coal deposits with scope for a semi soft coking coal product, with the potential scale of the Project highlighted by the Exploration Targets of between 800 and 1,700 Million tonnes based on the coal seams of the Bandanna Formation between surface and 750m vertical. Importantly, between 300 and 800Mt of the Exploration Targets are estimated in the surface to 250m vertical depth range.

Lustrum has indicated that it will spend most of its exploration effort on drilling and related activities, based on a four (4) stage exploration process consisting of:

- Stage 1 – geological reconnaissance, drill target generation, landholder, native title and cultural heritage negotiations and agreements,
- Stage 2 – initial first pass non-cored exploration drilling, downhole geophysical surveys and seismic surveys,

- Stage 3 – follow up non-cored and part-cored exploration drilling with downhole geophysical surveys
- Stage 4 – resource modelling, geotechnical sampling, coal quality analysis and initial scoping studies.

Each stage of exploration will be modified and is dependent upon the outcomes from the previous stage and as such the proposed exploration program and budget may vary subject to results of earlier exploration activities.

Given the status of the Project, with previous exploration both within and in the vicinity of the Project supporting the potential for significant mineralisation at Consuelo, Zephyr agree with this exploration approach.

Based on the proposed exploration program and budget presented, it is Zephyr's belief that at the conclusion of the initial two years, the Company should have a much better understanding of the quantum and quality of the mineralisation within the Project. Exploration results may either enhance or down-grade the Project.

6.0 Conclusions

Lustrum has an agreement to acquire a 100% interest in the Consuelo Coal Project, which is considered prospective for high quality thermal coal deposits with scope for a semi soft coking coal product. The Project is at the exploration stage and therefore is speculative involving a degree of risk, albeit that Coal mineralisation is known to occur in the immediate vicinity of the Project.

The presence of high quality, moderate to thick coal seams in the Bandanna Formation and the scope for moderate to thick seams in the Mantuan Formation, which is deeper in the stratigraphic sequence than the Bandanna Formation, has been demonstrated through the analysis of a range of historic boreholes within and proximal to the Project.

The Bandanna Formation does not outcrop within the Consuelo Project area, however historical 2D seismic lines and structural interpretation indicate that the Bandanna Formation, and as such the target coal seams, is nearest to surface in the north and west of the Consuelo Project area within anticlinal fold closures, particularly on the western flank of EPC 2318. The limbs of the anticlines demonstrate gentle to flat dips in a simply folded structural model with limited faulting in the sequence.

The estimated Exploration Target of between 800 to 1,700 Million tonnes of coal between surface and 750m vertical demonstrate the coal potential of the Consuelo Project and shows the areas potential for hosting an open-cut to underground coal project producing high quality thermal and/or semi-soft coking coal. Importantly, between 300 and 800Mt of the Exploration Target is estimated in the surface to 250m vertical depth range. The modelling work completed to develop the Exploration Targets indicated that the addition of several new exploration boreholes within the Project would be expected to enable Inferred Resource calculations to be made.

It is Zephyr's opinion that the Project described in this Report warrants the proposed evaluation exploration and testing programs. It is noted that proposed programs may be subject to change according to results yielded as work is carried out.

Having regard to the stated objectives of Lustrum, Zephyr consider that the proposed exploration and associated expenditure programs are reasonable.

Yours faithfully,



John Holmes

BSc(Geol), AIG

Competent Persons Statement

The information in this report which relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr John Holmes, who is a Member of the Australian Institute of Geoscientists and independent consultant to the Company. Mr Holmes is a Director of Zephyr and has had over 25 years of continuous experience in mineral exploration and evaluation in a variety of mineral deposit styles. Mr Holmes has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves".(JORC Code). Mr Holmes consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

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8.0 Glossary of Technical Terms and Abbreviations

Aeromagnetic survey	A survey made from the air for the purpose of recording the magnetic characteristics of rocks.
Anorthosite	Anorthosite is a phaneritic, intrusive igneous rock characterized by a predominance of plagioclase feldspar (90–100%), and a minimal mafic component.
Archaean	The oldest rocks of the Precambrian Era, older than 2,500 million years.
Assay	Test for the purpose of determining the presence, or amount of one or more substances.
Craton	Stable interior portion of a continent characteristically composed of ancient crystalline basement rock.
Diamond Drilling	Rotary drilling using diamond-impregnated bits to produce a solid continuous core sample of the rock penetrated.
Dip	The angle at which a rock layer, fault or any other planar structure is inclined from the horizontal.
Dolerite	Volcanic rock similar in composition to basalt, but it contains crystals, which can be seen with a hand lens. This indicates that it cooled a more slowly than basalt. Dolerites are considered to have solidified below the surface whereas basalts were extruded onto the land surface or underwater where they solidified.
Fault	A fracture in rocks on which there has been movement on one side relative to the other, parallel to the fracture.
Felsic	An igneous rock, which is composed predominantly of light coloured minerals.
Fold	A bend in the rock strata or planar structure.
Footwall	Rocks underlying mineralisation.
Formation	Primary unit of lithostratigraphy. A mappable stratigraphic unit.
Granitic	A common, coarse-grained, light-coloured, hard igneous rock consisting chiefly of quartz, orthoclase or microcline, and mica.
Granite	A coarse grained igneous rock consisting essentially of quartz and more alkali feldspar than plagioclase.
Coal	A naturally occurring crystalline form of carbon that occurs as flake, vein or amorphous and is light, strong, non-corrosive, conductive and heat resistant.
Greenschist facies	One of the major divisions of the mineral facies classification of metamorphic rocks. Low grade metamorphic rock type. Greenschists form under conditions of low temperature and low pressure.
Group	Comprises more than one stratigraphic formation.
Hanging Wall	Rocks overlying mineralisation.
Igneous	Rock formed by the solidification of molten or partly molten magma.
Intrusive	A body of igneous rock that has been injected while molten into pre-existing rocks.
JORC Code (2012)	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and Minerals Council of Australia, effective December 2012.
Kaolinite	A clay mineral formed by the alteration of alkali feldspars and other aluminium bearing minerals.
Lava	Refers both to molten rock expelled by a volcano during an eruption and the resulting rock after solidification and cooling.

Lithic	Containing abundant fragments of previously formed rock.
Lithology	Description of a rock.
Ma	Million years ago.
Mafic	A loosely used group name for silicate minerals that are rich in iron and magnesium, and for rocks in which these minerals are abundant.
Magma	Mixture of molten rock that is found beneath Earth's the surface, which may also contain suspended crystals and dissolved gas and sometimes also gas bubbles. It may be intruded into adjacent rocks or extruded onto the surface as lava.
Metamorphic	Rock type formed by mineralogical and chemical changes induced within solid rocks though the actions of heat, pressure or the introduction of new chemicals. Rocks so altered are prefixed with "meta" as in metabasalt.
Metamorphosed	The mineralogical, structural and chemical changes induced within solid rocks through the actions of heat, pressure or the introduction of new chemicals. Rocks so altered are prefixed "meta" as in "metabasalt".
Metasediment	Sedimentary rock that has been subjected to and altered by metamorphism.
Mineralisation	The introduction of valuable minerals into a rock body
Phyllite	An intermediate-grade foliated metamorphic rock that resembles its sedimentary parent rock, shale, and its lower-grade metamorphic counterpart.
Pillow lava	Lavas that contain characteristic pillow-shaped structures that are attributed to the extrusion of the lava under water.
Quartzite	A hard metamorphic rock, which was originally sandstone containing quartz and feldspar.
Reverse Circulation Drilling (RC)	Often just called RC Drilling is a common mineral exploration drilling method using reverse circulation techniques and is commonly used in exploration to obtain samples at depth for analytical analysis.
Schist	Schists constitute a group of medium-grade metamorphic rocks, chiefly notable for the preponderance of lamellar minerals
Schistose	Any of various medium-grained to coarse-grained metamorphic rocks composed of laminated, often flaky parallel layers of chiefly micaceous minerals.
Sediment	A rock in which its components have been transported from one site by wind, ice, gravity or water and subsequently deposited elsewhere.
Sedimentary	Rocks are formed by sedimentation of material at the Earth's surface.
Sill	A sheet-like body of igneous rock that is conformable with the layers it intrudes.
Slate	A fine-grained, foliated, homogeneous metamorphic rock derived from an original shale-type sedimentary rock composed of clay.
Strike	The direction or bearing of the outcrop of an inclined bed or structure on a level surface.
Syncline	A fold where the rock strata dip inwards and downwards the axis.
Tenement	Mineral property granted by the appropriate government agency and giving the title holder the right to explore within its confines
Tuff	Rock consisting of consolidated volcanic ash ejected from vents during a volcanic eruption.
Tuffaceous	A rock composed of compacted volcanic ash varying in size from fine sand to coarse gravel.

Ultramafic	Igneous rocks containing virtually no quartz or feldspar and less than 45% silicon dioxide (SiO ₂).
Volcanic	An igneous rock extruded on the surface of the Earth as magma and solidified.
Volcanoclastic	Volcanic material has been transported and reworked through mechanical action, such as by wind or water.

Abbreviations

g	gram	m ³	cubic metre
kg	kilogram	mm	millimetre
km	kilometre	M	million
km ²	square kilometre	oz	troy ounce
m	metre	t	tonne
m ²	square metre		

9. LEGAL TENEMENT REPORT

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Our reference LGD:DMM:169987-00001

18 August 2017

The Directors
Lustrum Minerals Limited
Suite 9, 330 Churchill Avenue
Subiaco WA 6003

Dear Directors

Independent solicitor's report - EPC 2318, EPC 2327, EPC 2332

1 Background

- 1.1 This independent solicitor's report is prepared for inclusion in a prospectus for the issue of 25,000,000 shares in Lustrum Minerals Limited ACN 609 594 005 (**Lustrum**) at an issue price of \$0.20 each in order to raise \$5,000,000.
- 1.2 This report relates to the following exploration tenements:
- (a) exploration permit for coal (**EPC**) 2318 (Wild Horse Swamp);
 - (b) EPC 2327 (Christmas Creek); and
 - (c) EPC 2332 (Mt Panorama),
- (together, **the Tenements**).
- 1.3 The Tenements are located in central Queensland.
- 1.4 The Tenements are held by:
- (a) CFR Consuelo Pty Ltd;
 - (b) ICX Consuelo Pty Ltd;
 - (c) CFR Consuelo 2318 Pty Ltd;
 - (d) ICX Consuelo 2318 Pty Ltd; and
 - (e) Consuelo Coal EPC 2327 Pty Ltd,
- (together, **the Companies**).

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1.5 The Companies hold the Tenements in the following interests:

Holder	Interest
EPC 2327	
Consuelo Coal EPC 2327 Pty Ltd	100%
EPC 2318	
CFR Consuelo 2318 Pty Ltd	80%
ICX Consuelo 2318 Pty Ltd	20%
EPC 2332	
CFR Consuelo Pty Ltd	80%
ICX Consuelo Pty Ltd	20%

- 1.6 Lustrum has entered into a share sale agreement dated 19 January 2017 to purchase all of the fully paid ordinary shares in the capital of Consuelo Coal Holdings Pty Ltd ACN 616 836 036 which, in turn, has agreed to simultaneously purchase all of the fully paid ordinary shares in the capital of the Companies. Both agreements are conditional upon, inter alia, Lustrum receiving conditional approval of its listing application from ASX Limited in a form satisfactory to Lustrum.

2 Purpose of report

- 2.1 We have been engaged by Lustrum to prepare this report for inclusion in the Prospectus.
- 2.2 Lustrum may rely on this report for that purpose. This report has not been prepared for the purpose of analysing particular issues or matters which may be relevant to any other interested parties. We do not accept any liability in connection with this report to anyone other than Lustrum.

3 Searches and information received

- 3.1 For the purposes of this report, we have obtained and reviewed the following in respect of the Tenements:
- (a) public resource authority reports obtained from the Department of Natural Resources and Mines (**DNRM**) on 8 August 2017;
 - (b) information from the DNRM MinesOnline Mapping system (**Mines Mapping**) obtained on 8 August 2017;
 - (c) tenement searches obtained from the Department of Aboriginal and Torres Strait Islander Partnerships (**DATSIP**) on 8 August 2017;
 - (d) search results provided by the National Native Title Tribunal (**NNTT**) on 8 August 2017;
 - (e) searches of the Queensland Heritage Register obtained on 8 August 2017;
 - (f) searches of the Department of the Environment and Energy protected matters search tool obtained on 8 August 2017;

- (g) environmental authority (**EA**) information obtained from the Department of Environment and Heritage Protection (**DEHP**) on 8 August 2017;
- (h) searches of the public DEHP suitable operator register obtained on 7 August 2017;
- (i) provided by the Companies:
 - (i) correspondence from DNRM dated 21 June 2017, 24 July 2017 and 25 July 2017 approving variations to permit conditions for the Tenements; and
 - (ii) copies of EA numbers EPSX02144814, EPSX02143714, and EPSX00490813.

3.2 We have not been provided with:

- (a) any current Aboriginal cultural heritage agreements, land access agreements, environmental reports, impact assessments, ecology reports, overlapping tenement documentation, or any other agreements in relation to the Tenements; or
- (b) any information relating to the standing of the Tenements, including, for example, whether there are any outstanding rental payments, or compliance issues.

4 Scope of report

4.1 This report relates only to matters raised in the material identified at paragraph 3.1 above, and is divided into the following sections:

- (a) general tenement information;
- (b) overlapping tenements;
- (c) native title;
- (d) Aboriginal cultural heritage;
- (e) European heritage;
- (f) environmental issues under the *Environmental Protection Act 1994* (Qld) (**EP Act**);
- (g) matters of national environmental significance under the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) (**EPBC Act**);
- (h) land access; and
- (i) the *Regional Planning Interests Act 2014* (Qld) (**RPI Act**).

5 Assumptions and qualifications

5.1 We have not considered any matters other than those raised in the material identified at paragraph 3.1 above.

5.2 For example, we have not considered and do not provide any report on the following matters:

- (a) security interests registered over the Companies on the Personal Property Securities Register;

- (b) agreements regarding the provision of financial assurance or other bank guarantees;
- (c) litigation searches in the Federal Court of Australia, Queensland Supreme Court, Queensland District Court and Land Court of Queensland in respect of the Companies or the Tenements;
- (d) commercial issues which may affect the Tenements;
- (e) financial, tax, or accounting issues;
- (f) technical, geotechnical, and operational issues;
- (g) intellectual property;
- (h) information technology;
- (i) employment; or
- (j) trade practices.

5.3 In this report:

- (a) we have made no independent enquiry into the accuracy or completeness of any of the material provided to us;
- (b) we have assumed and relied on the accuracy of the information provided to us by the Companies and their adviser, and have assumed that the information is complete and is not misleading or deceptive by omission or otherwise;
- (c) we have assumed and relied on the accuracy and completeness of all public searches and other information obtained from public searches;
- (d) we express no opinion as to the accuracy of information obtained from public searches or information provided to us by the Companies and their adviser;
- (e) we have assumed that the continued holding of the Tenements is subject to compliance with the terms and conditions of the relevant legislation and any applicable agreements;
- (f) where compliance with the requirements necessary to maintain a tenement in good standing is not disclosed on the searches obtained, we express no opinion on such compliance;
- (g) references to any area of land are taken from information we have received and the accuracy of any land area has not been verified by survey;
- (h) we comment only on the laws of the State of Queensland and Commonwealth of Australia as at the date of this document, and have assumed that the report will be construed in accordance with those laws; and
- (i) the opinions and information are strictly limited to the matters stated in the report and do not apply by implication to any other matters.

5.4 This report has been limited to the results of searches and information which could be obtained in the relevant timeframe. We note that records disclosed by publicly available searches may not be complete or up to date and we have not, in each instance, made independent investigations or enquiries in relation to such searches.

- 5.5 We cannot comment on whether any changes have occurred in respect of the Tenements between the date on which the searches were conducted or the information obtained and the date of this report.
- 5.6 Where we have made an assumption in this report, this does not imply that we have made any enquiry to verify that assumption, or are not aware of any circumstance that would affect the correctness of that assumption.
- 5.7 No additional work was performed except as specifically stated in this report and we have not conducted enquiries in relation to legal matters beyond the limited scope of work described in this report.
- 5.8 It is essential to recognise that the accuracy of this report is dependent on the quality of the information obtained. Only to a limited extent can information be verified by searches of public registers or other independent sources.

6 Tenements

Legislative regime

- 6.1 The *Mineral Resources Act 1989* (Qld) (**MR Act**) establishes a tenure regime that governs the exploration for and production of minerals in Queensland.

Public resource authority reports

- 6.2 The results of the public resource authority reports are summarised in the Schedule to this report.

General

- 6.3 An EPC allows its holder to carry out particular authorised activities to determine the existence, quality, and quantity of coal on, in, or under land through various methods.
- 6.4 An EPC does not permit mining. A mining lease is required before mining and production may occur.

Title

- 6.5 The public resource authority reports confirm that the Companies hold the Tenements in the interests set out at paragraph 1.5 above.

Term

- 6.6 An EPC can be granted for a period not exceeding five years, and can be subsequently renewed at the end of the term. The holder of an EPC must apply for renewal not more than six months and not less than three months (unless permitted by the Minister) prior to the expiration of the current term.
- 6.7 EPC 2332 and EPC 2318 have been recently renewed, and will expire in July 2021. EPC 2327 will expire in January 2018. The rights under EPC 2327 will continue until a renewal application for the tenement is decided.

Rent

- 6.8 The holder of an EPC is required to pay annual rent on the tenement.
- 6.9 The amount of rent payable for each year is calculated by multiplying the number of sub-blocks within the EPC by the amount prescribed under a regulation for the year. The rent payable for each sub-block is currently \$150.50.

- 6.10 We have not undertaken any independent investigations with DNRM beyond the publicly available reports to verify that the rental payments for the Tenements are paid and up to date.

Security

- 6.11 On the grant or renewal of an EPC, the holder must provide reasonable security to ensure compliance with the conditions of the EPC and the provisions of the MR Act. The amount of security is determined by the Minister.
- 6.12 We have not undertaken any independent investigations with DNRM beyond the publicly available reports to verify the security held over the Tenements.

Work program and expenditure

- 6.13 It is a condition of an EPC that its holder must carry out the program of works and studies for the purposes for which the EPC was granted. The Minister may include as a condition of grant that the holder comply with minimum expenditure requirements during the term of the EPC.
- 6.14 We have been provided with copies of correspondence from DNRM approving the following variations to the work program and expenditure conditions of the Tenements:
- (a) on 21 June 2017, to reduce expenditure for EPC 2327 from \$2,667,500 to \$70,000 for Years 2 to 4 of its previous term;
 - (b) on 24 July 2017, to reduce expenditure for EPC 2318 from \$1,990,000 to \$70,000 for Years 2 to 4 of its term; and
 - (c) on 25 July 2017, to reduce expenditure for EPC 2332 from \$1,910,000 to \$70,000 for Years 2 to 4 of its previous term.

Relinquishment

- 6.15 EPC holders are ordinarily required to relinquish specified areas of the EPC. The Minister may waive this requirement. We have been provided with copies of correspondence from DNRM:
- (a) with respect to EPC 2327, dated 21 June 2017, waiving the requirement to relinquish 24 sub-blocks at the end of the third year of the term of the EPC (allowing all 59 the sub-blocks to be retained);
 - (b) with respect to EPC 2318, dated 24 July 2017, waiving the requirement to relinquish 10 sub-blocks at the end of the third year of the term of the EPC (allowing all 26 sub-blocks to be retained); and
 - (c) with respect to EPC 2332, dated 25 July 2017, waiving the requirement to relinquish 8 sub-blocks at the end of the third year of the term of the EPC (allowing all 20 sub-blocks to be retained).
- 6.16 These decisions have not permanently removed the need to relinquish areas of the Tenements. Instead, they have merely delayed that requirement. As such:
- (a) the next relinquishment requirement for EPC 2318 is for 12 sub-blocks on 22 July 2018; and
 - (b) the next relinquishment requirement for EPC 2332 is for 9 sub-blocks on 22 July 2018.

- 6.17 The relinquishment schedule for EPC 2327 moving forward will only be known once the tenement has been renewed.

Dealings

- 6.18 The public enquiry reports do not indicate that there are any encumbrances or other dealings registered over the Tenements.

7 Overlapping tenements

- 7.1 The rights and interests of EPC holders may be affected by overlapping mineral, petroleum, exploration and production tenements.
- 7.2 We have reviewed the DNRM Mines Mapping to determine whether the mapping records any tenements held or sought by other parties that overlap the Tenements.
- 7.3 Our review of the Mines Mapping (carried out on 8 August 2017):
- (a) indicated that the Tenements are wholly overlapped by an application for Petroleum Survey Licence (**PSL**) 2028 by State Gas Pty Ltd (lodged on 27 July 2017); and
 - (b) did not indicate that any other tenements overlap the Tenements.
- 7.4 If granted, the PSL will allow its holder to enter the area of the licence for a period of two years to investigate and survey its potential and suitability for the construction and operation of pipelines or petroleum facilities, and identify possible pipeline routes and pipeline or petroleum facility access routes.
- 7.5 The PSL cannot be renewed following its expiry.
- 7.6 If the PSL holder identifies a suitable area for a pipeline or petroleum facility, it must then apply to obtain a higher level of authority to allow it to construct and operate these works (relevantly, a petroleum pipeline licence or petroleum facility licence).
- 7.7 We have not been provided with any correspondence or agreements relevant to the overlap of PSL 2028 over the Tenements.

8 Native title

- 8.1 The *Native Title Act 1993* (Cth) (**NT Act**) recognises the traditional rights and interests of Aboriginal and Torres Strait Islander peoples in Australia.
- 8.2 The NT Act provides:
- (a) for the determination of native title rights and interests;
 - (b) for the extinguishment of native title by certain acts;
 - (c) for the validation of certain acts which would otherwise be invalid because of their effect on native title;
 - (d) that acts that may affect native title rights (such as the grant of a mining tenement) carried out after 23 December 1996 must comply with certain requirements of the NT Act to be valid (**Future Act Requirements**); and

(e) compensation for extinguishment or impairment of native title rights and interests.

8.3 Native title processes will not be required where native title has been 'extinguished' over the land the subject of the tenement (for example, by an earlier vesting of freehold in the land).

8.4 If native title has not been extinguished, the proposed grant of a tenement will trigger the need for compliance with the Future Act Requirements.

EPC 2318 and EPC 2332 – Predominantly Exclusive Land

8.5 Public searches indicate that EPC 2318 and EPC 2332 have been granted as 'predominately exclusive land'. This suggests that land over which native title has not been extinguished is excluded from the area of the tenements. In that case, the holder of those tenements does not have the right to access or conduct any activities on the areas of land that have been excluded.

8.6 The MR Act provides a process by which the holder of those tenements may apply to have those areas of excluded land included into the tenements, following the relevant native title process.

EPC 2327 – Expedited Procedure

8.7 The NT Act establishes the '**Expedited Procedure**' process for Future Acts that are:

- (a) not likely to interfere directly with the carrying on of the community or social activities of the persons who are the holders of native title in relation to the land or waters concerned;
- (b) not likely to interfere with areas or sites of particular significance, in accordance with their traditions, to the persons who are the holders of the native title in relation to the land or waters concerned; and
- (c) not likely to involve major disturbance to any land or waters concerned or create rights whose exercise is likely to involve major disturbance to any land or waters concerned.

8.8 The Public searches indicate that EPC 2327 was granted subject to the Expedited Procedure and, as such, was granted with the 'Native Title Protection Conditions' (**NTPCs**) attached as conditions of grant.

8.9 The NTPCs contain specific requirements around notification of exploration activities and timeframes for responses by the native title parties.

8.10 In addition to allowing grant of the tenement pursuant to the expedited procedures, the NTPCs also establish a regime for the holder of the tenement to manage its legislative Aboriginal cultural heritage obligations. This is discussed further below.

Current native title applications

8.11 We have undertaken a search of the register maintained by NNTT in relation to the Tenements.

8.12 The results received on 8 August 2017 indicate that native title determinations have been made over the area of the Tenements. A determination by the Federal Court on 21 February 2014 held that native title does not exist over the area of the Tenements in respect of claims made by the:

- (a) Karingbal People #2 (QUD23/2006);
- (b) Bidjara People (QUD216/2008); and
- (c) Brown River People (QUD245/2011).

- 8.13 No registered native title claims currently overlap the Tenements.

9 Aboriginal cultural heritage

- 9.1 The *Aboriginal Cultural Heritage Act 2003* (Qld) (**ACHA**) recognises, protects, and conserves Aboriginal cultural heritage. In part, it achieves this protection by providing that any person who undertakes an activity has a 'Duty of Care' to take all reasonable and practicable measures to ensure that the activity does not harm Aboriginal cultural heritage.
- 9.2 Under the ACHA, the 'Duty of Care' can be discharged in a number of ways, including:
- (a) at a minimum, adhering to the Duty of Care Guidelines (which form part of the ACHA);
 - (b) entering into a voluntary Cultural Heritage Management Agreement with an 'Aboriginal Party' for the given area pursuant to section 23(3)(a)(iii) ACHA; or
 - (c) entering into a Cultural Heritage Management Plan under Part 7 ACHA.
- 9.3 Penalties apply for failing to comply with the 'Duty of Care' of up to \$126,150 for an individual and \$1,261,500 for a corporation.

Aboriginal Parties

- 9.4 Search results obtained from DATSIP indicate that the Aboriginal Parties for the Tenements are the:
- (a) Karingbal People #2 (QUD23/2006); and
 - (b) Bidjara People (QUD216/2008).

Recorded Aboriginal cultural heritage

- 9.5 DATSIP maintains a register of recorded Aboriginal cultural heritage sites.
- 9.6 Searches obtained on 8 August 2017 indicate that a number of Aboriginal cultural heritage sites have been recorded in the area of the Tenements and within a two kilometre radius.

Agreements

- 9.7 We have not been provided with any cultural heritage agreements that apply to the Tenements.
- 9.8 As discussed at paragraph 8.10 above, EPC 2327 was granted subject to the NTPCs. The ACHA provides that acting in compliance with the NTPCs will constitute compliance with the ACHA 'Duty of Care'.
- 9.9 The holder of EPC 2318 and EPC 2332 will need to comply with the requirements of the ACHA in order to carry out any activities in EPC 2318 and EPC 2332.

10 European heritage

- 10.1 The *Queensland Heritage Act 1992* (Qld) establishes a regime to protect and conserve Queensland's cultural heritage. This does not include Aboriginal cultural heritage.
- 10.2 We have reviewed the Queensland heritage register maintained by DEHP. We have not identified any recorded Queensland heritage sites in the vicinity of the Tenements.

11 Environmental issues – State

Legislative regime

- 11.1 Applications for all mining tenements in Queensland trigger environmental approval processes administered by DEHP under the EP Act.
- 11.2 Resource activities are classified as environmentally relevant activities (**ERAs**) under the EP Act, for which an EA must be obtained.

EAs for the Tenements

- 11.3 On 8 August 2017, DEHP's public EA register indicated that:
 - (a) EA number EPSX02144814, dated 15 May 2014, applies to both EPC 2318 and EPC 2332, and is only held by the holders of EPC 2318 (and not EPC 2332); and
 - (b) EA number EPSX00490813, dated 30 April 2014, applies to EPC 2323 and is held by Coal Face Resources Pty Ltd.
- 11.4 We have been provided with more recent copies of:
 - (a) EA number EPSX02144814, dated 6 June 2017, which relates only to EPC 2318, held by CFR Consuelo 2318 Pty Ltd and ICX Consuelo 2318 Pty Ltd;
 - (b) EA number EPSX02143714, dated 6 June 2017, which relates only to EPC 2332, held by CFR Consuelo Pty Ltd and ICX Consuelo Pty Ltd; and
 - (c) EA number EPSX00490813, dated 16 June 2017, which relates to EPC 2337, held by Consuelo Coal EPC 2327 Pty Ltd.
- 11.5 We assume that DEHP has simply failed to update the EA register to reflect the EAs described in paragraph 11.4 above, and that these EAs are current and valid.
- 11.6 Each EA is subject to the standard conditions contained in the *Code of environmental compliance for Exploration and Mineral Development Projects* (**Code**). These conditions must be complied with in carrying out activities on the Tenements.

Compliance

- 11.7 On 28 March 2017, information was obtained from DEHP in relation to compliance with the two EAs that applied to the Tenements at that date (EA number EPSX02144814 (version dated 15 May 2014) and EA number EPSX00490813 (version dated 30 April 2014)).
- 11.8 On 28 March 2017, DEHP advised that there were no compliance issues relevant to those EAs, including no:
 - (a) transitional environmental programs;
 - (b) environmental protection orders;
 - (c) environmental evaluations;
 - (d) environmental audits under sections 280 or 322 EP Act; or

(e) environmental investigations or reports.

11.9 We have not undertaken any further investigations in respect of compliance with the EAs since 28 March 2017.

Registered suitable operator

11.10 A registered suitable operator is a person or corporation who has been registered by DEHP as being suitable to carry out an ERA under the EP Act.

11.11 The Companies are each registered suitable operators under the EP Act.

Financial assurance

11.12 The Code requires that Financial Assurance (**FA**) for the cost of rehabilitation must be provided to DEHP.

11.13 DEHP provides an online 'FA calculator' which can be used to determine the required amount of FA based on the maximum area of disturbance operations.

11.14 The amount of FA held can be reviewed by DEHP at any time, including when the EA is amended.

11.15 The amount of FA provided by the Companies – whether in relation to the Tenements or any other tenements – is not publicly available. We have not undertaken any investigations in relation to the provision of financial assurance for the Tenements.

ESAs

11.16 On 7 August 2017, Mines Mapping indicated the presence of 'environmentally sensitive areas' (**ESAs**) within the Tenements.

11.17 The mapping indicates that:

(a) areas of a Category B ESA (Endangered Regional Ecosystems) are located within each of the Tenements; and

(b) areas of a Category C ESA (Nature Refuges) are located within EPC 2318 and EPC 2327.

11.18 A Category B ESA (State Forest) is located close to the Tenements, and lies immediately outside of EPC 2332.

11.19 The conditions of the EAs will dictate any restrictions on activities in these areas. For example, under condition 13 of the Code:

(a) activities must not be carried out in a Category A or B ESA;

(b) activities involving machinery must not be carried out within one kilometre of a Category A ESA or 500 metres of a Category B ESA; and

(c) prior to carrying out activities in a Category C ESA, the holder must consult with the Environmental Protection Agency.

11.20 Unless the EAs are amended, carrying out activities in contravention of the above limitations (and all other limitations set out in the Code) would be an offence under the EP Act. A penalty of \$567,675 applies under the EP Act for contravention of the conditions of an EA, increasing to \$788,437.50 or five years imprisonment for a wilful contravention.

12 Environmental issues – Federal

- 12.1 Commonwealth government approval under the EPBC Act will be required where proposed activities constitute a 'controlled action'. This turns on whether or not the activities are likely to have a significant impact on matters of national environmental significance (**MNES**).
- 12.2 Online searches indicate that some MNES may exist in the general area of the Tenements. These MNES are listed in the Schedule to this report.
- 12.3 We have not been provided with any environmental reports, impact assessments, or ecology reports regarding the potential impact of activities under the Tenements on MNES. To our knowledge, there has been no assessment as to whether development within the area of the Tenements may trigger the need for EPBC Act approval.

13 Land access

- 13.1 In order to access private land to explore under an EPC, the holder is required to provide a notice of intention to enter the land (**Entry Notice**) and, depending on the level of impact of the exploration activity, enter into a conduct and compensation agreement (**CCA**) with each owner and occupier of the land.
- 13.2 The Land Access Code, made under the *Mineral and Energy Resources (Common Provisions) Act 2014* (Qld) (**MERCP Act**), also imposes certain mandatory conditions concerning the conduct of authorised activities under EPCs on private land.
- 13.3 The requirement to enter into a CCA relates to any activities which are likely to have more than a minimal impact on the land or the owner or occupier's business operations. These are known as advanced activities. Most ground-disturbing works will fall into this category, including clearing access tracks or drill pads, drilling and geotechnical surveys.
- 13.4 If the activities will involve no or minimal impact to the land or the owner or occupier's business, the tenement holder is still required to provide an Entry Notice to the owner and occupier unless the owner and occupier have otherwise agreed to waive that requirement.
- 13.5 If a CCA cannot be reached with the owner and occupier, there is a statutory negotiation process set out in the MR Act with ultimate recourse to the Land Court in the event that agreement cannot be reached.
- 13.6 We have not been provided with any CCAs or Entry Notices that apply to the Tenements. The holder of the Tenements will need to comply with the requirements of the Land Access Code, MR Act, and MERCP Act prior to carrying out activities on the Tenements.

14 RPI Act

- 14.1 Four areas of regional interest are established under the RPI Act:
 - (a) priority agriculture areas;
 - (b) priority living areas;
 - (c) strategic environmental areas; and
 - (d) strategic cropping areas.

- 14.2 Unless an exemption applies, persons who conduct 'resource activities' in any of these areas of regional interest are required to obtain a Regional Interests Development Approval (**RIDA**) prior to carrying out the activity.

Tenements

- 14.3 On 7 August 2017, Mines Mapping indicated that:

- (a) EPC 2327 is overlapped by a strategic cropping area;
- (b) EPC 2318 is overlapped by a strategic cropping area and a priority agricultural area; and
- (c) EPC 2332 is overlapped by a strategic cropping area and lies within a priority agricultural area.

Exemption – short term activities

- 14.4 Section 23 of the RPI Act exempts a resource activity from a RIDA requirement where the activity finishes within 12 months of the start of activities under the tenement on that particular property.

- 14.5 Any proposed exploration activities that:

- (a) are to be carried out on properties that have not previously been the subject of activities under the Tenements; and
- (b) will be complete in less than 12 months,

are exempt from acquiring a RIDA.

Exemption – landowner agreement

- 14.6 Section 22 of the RPI Act exempts resource activities from a RIDA requirement where there is either:

- (a) a statutory CCA (which has not been Court ordered); or
- (b) a voluntary agreement,

in place with the landowner whose property underlies the regional interest; and

- (c) the activities are not likely to have a significant impact on the strategic cropping area or priority agricultural area; and
- (d) the activities do not impact land owned by a person other than the landowner, in that it does not impact:
 - (i) for land in a priority agricultural area – the suitability of the neighbouring land to be used for a priority agricultural land use; or
 - (ii) for land in a strategic cropping area – the soil, climate and landscape features of the neighbouring land that make it suitable for cropping.

RIDA application

- 14.7 If a relevant exemption does not apply, the holders of the Tenements will be required to apply for a RIDA prior to commencing activities in an area of regional interest. The RIDA application will be

assessed to determine the extent of the expected impacts of the activities on the relevant area of regional interest.

- 14.8 For a RIDA application to be approved, the applicant must be able to demonstrate that the proposed activity will meet the required outcomes and address the prescribed solutions contained in the *Regional Planning Interests Regulation 2014* (Qld) for the area of regional interest.
- 14.9 Otherwise, the RIDA application will likely be refused – which would (potentially permanently) sterilise the resource.
- 14.10 If the holders of the Tenements are unable to obtain a RIDA to authorise resource activities in the areas of regional interest that overlap the Tenements, the future production of resources from the Tenements will be compromised.

Yours sincerely



Tim Hanmore
Partner

45160714v13

Schedule

Tenement information

EPC 2318 – Wild Horse Swamp	
Grant date	<ul style="list-style-type: none"> 23 July 2013
Current term	<ul style="list-style-type: none"> 4 years
Expiry date	<ul style="list-style-type: none"> 22 July 2021
Holders	<ul style="list-style-type: none"> CFR Consuelo Pty Ltd (80%) ICX Consuelo Pty Ltd (20%)
Purpose	<ul style="list-style-type: none"> Coal
Area	<ul style="list-style-type: none"> 26 sub-blocks (8,096.17 hectares)
Overlapping tenements	<ul style="list-style-type: none"> PSL 2028 – State Gas Pty Ltd
Environmentally sensitive areas	<ul style="list-style-type: none"> Category B – endangered regional ecosystems Category C – nature refuges
Regional interests	<ul style="list-style-type: none"> Priority Agricultural Area Strategic Cropping Area
Native title category	<ul style="list-style-type: none"> Predominantly exclusive land
Native title party	<ul style="list-style-type: none"> No current native title parties
Aboriginal party	<ul style="list-style-type: none"> Karingal People #2 (QUD23/2006) Bidjara People (QUD216/2008)
European heritage sites	<ul style="list-style-type: none"> No sites recorded
EPBC Act protected matters	<ul style="list-style-type: none"> The EPBC Act Protected Matters Report reveals the following matters of national environmental significance may exist in the general area of the tenement: <ul style="list-style-type: none"> 4 listed threatened ecological communities;

EPC 2318 – Wild Horse Swamp	
	<ul style="list-style-type: none"> ▶ 18 listed threatened species; and ▶ 7 listed migratory species
Dealings or agreements recorded on title	<ul style="list-style-type: none"> ▪ Variation of permit conditions in relation to work program, expenditure commitment and relinquishment approved on 24 July 2017

EPC 2327 – Christmas Creek	
Grant date	▪ 30 January 2014
Current term	▪ 4 years
Expiry date	▪ 29 January 2018
Holder	▪ Consuelo Coal EPC 2327 Pty Ltd
Purpose	▪ Coal
Area	▪ 59 sub-blocks (18,359.78 hectares)
Overlapping tenements	▪ PSL 2028 – State Gas Pty Ltd
Environmentally sensitive areas	<ul style="list-style-type: none"> ▪ Category B – endangered regional ecosystems ▪ Category C – nature refuges
Regional interests	▪ Strategic Cropping Area
Native title category	▪ Native Title Protection Conditions
Native title party	▪ No current native title parties
Aboriginal party	<ul style="list-style-type: none"> ▪ Karingal People #2 (QUD23/2006) ▪ Bidjara People (QUD216/2008)
European heritage sites	▪ No sites recorded
EPBC Act protected matters	<ul style="list-style-type: none"> ▪ The EPBC Act Protected Matters Report reveals the following matters of national environmental significance may exist in the general area of the tenement: <ul style="list-style-type: none"> ▶ 4 listed threatened ecological communities; ▶ 18 listed threatened species; and ▶ 7 listed migratory species
Dealings or agreements recorded on title	▪ Variation of permit conditions in relation to work program, expenditure commitment and relinquishment approved on 21 June 2017

Schedule – Tenement Information

EPC 2332 – Mt Panorama	
Grant date	<ul style="list-style-type: none"> 23 July 2013
Current term	<ul style="list-style-type: none"> 4 years
Expiry date	<ul style="list-style-type: none"> 22 July 2021
Holders	<ul style="list-style-type: none"> CFR Consuelo Pty Ltd (80%) ICX Consuelo Pty Ltd (20%)
Purpose	<ul style="list-style-type: none"> Coal
Area	<ul style="list-style-type: none"> 20 sub-blocks (6,234.38 hectares)
Overlapping tenements	<ul style="list-style-type: none"> PSL 2028 – State Gas Pty Ltd
Environmentally sensitive areas	<ul style="list-style-type: none"> Category B – endangered regional ecosystems
Regional interests	<ul style="list-style-type: none"> Priority Agricultural Area Strategic Cropping Area
Native title category	<ul style="list-style-type: none"> Predominantly exclusive land
Native title party	<ul style="list-style-type: none"> No current native title parties
Aboriginal party	<ul style="list-style-type: none"> Karingal People #2 (QUD23/2006) Bidjara People (QUD216/2008)
European heritage sites	<ul style="list-style-type: none"> No sites recorded
EPBC Act protected matters	<ul style="list-style-type: none"> The EPBC Act Protected Matters Report reveals the following matters of national environmental significance may exist in the general area of the tenement: <ul style="list-style-type: none"> 4 listed threatened ecological communities; 18 listed threatened species; and 7 listed migratory species
Dealings or agreements	<ul style="list-style-type: none"> Variation of permit conditions in relation to work program, expenditure commitment and relinquishment approved on 25

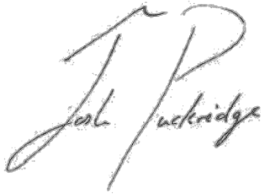
EPC 2332 – Mt Panorama	
recorded on title	July 2017

10. AUTHORISATION

This Prospectus is authorised by the Company and lodged with ASIC pursuant to section 718 of the Corporations Act.

Each of the Directors has consented to the lodgement of this Prospectus with ASIC, in accordance with section 720 of the Corporations Act, and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company by:

A handwritten signature in dark ink, appearing to read 'Josh Puckridge'. The signature is stylized, with a large 'J' and 'P'.

Mr Josh Puckridge
Executive Director
Dated 21 August 2017

11. GLOSSARY OF TERMS

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

A\$ means Australian dollars.

Admission means Admission of the Company to the Official List, following completion of the Offer.

Allotment Date means the date, as determined by the Directors, on which the Shares offered under this Prospectus are allotted, which is anticipated to be the date identified in the Indicative Timetable.

Application Form means the application form attached to this Prospectus.

Applicant means a person who submits an Application Form.

Application means a valid application for Shares under the Offer made pursuant to an Application Form.

Application Monies means Application monies for Shares under the Offer received and banked by the Company.

ASIC means the Australian Securities and Investments Commission.

ASX means Australian Securities Exchange Limited ACN 008 624 691 or, where the context requires, the financial market operated by it.

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

Board means Directors of the Company as at the date of this Prospectus.

CHES means Clearing House Electronic Subregister System.

Cicero Advisory means Cicero Advisory Services Pty Ltd (ACN 166 321 393).

Cicero Corporate means Cicero Corporate Services Pty Ltd (ACN 130 397 714).

Closing Date means the closing date of the Offer detailed in the Indicative Timetable.

Company means Lustrum Minerals Ltd (ACN 609 594 005).

Constitution means the constitution of the Company.

Consuelo means Consuelo Coal Holdings Pty Ltd (ACN 616 836 036).

Consuelo Agreement means the agreement between the Company and the Consuelo Shareholders for the purchase of all shares in Consuelo, made up of a share sale agreement dated on or about 19 January 2017 and variation deeds dated on or about 2 August 2017, 7 August 2017 and 11 August 2017, as further detailed in Section 6.1(a).

Consuelo Project means the Company's proposed exploration project based on or around the Tenements.

Consuelo Shareholders means:

- (a) Station Nominees; and
- (b) Twentieth Century.

Consuelo Subsidiaries means:

- (a) CFR Consuelo Pty Ltd (ACN 161 354 810);
- (b) ICX Consuelo Pty Ltd (ACN 161 354 32);
- (c) CFR Consuelo 2318 Pty Ltd (ACN 166 610 019);
- (d) ICX Consuelo 2318 Pty Ltd (ACN 166 611 472); and
- (e) Consuelo Coal EPC 2327 Pty Ltd (ACN 617 716 720).

Consuelo Subsidiary Agreement means the agreement between Consuelo and Kontrarian for the purchase of all shares in the Consuelo Subsidiaries, made up of a share sale agreement dated on or about 19 January 2017 and variation deeds dated on or about 2 August 2017, 7 August 2017 and 11 August 2017, as further detailed in Section 6.1(b).

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

Deferred Consideration means:

- (a) 15,000,000 Shares upon the delineation of an "indicated mineral resource" (as that term is defined in JORC, 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves) of not less than 100 million tonnes of coal at greater than 5,000 kcal/kg at the Project on or before 30 June 2021; and
- (b) 15,000,000 Shares upon the delineation of an "indicated mineral resource" (as that term is defined in JORC, 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves) of not less than 300 million tonnes of coal at greater than 5,000 kcal/kg at the Project on or before 30 June 2021,

which may become payable by the Company to the Consuelo Shareholders pursuant to the Consuelo Agreement.

Directors means the directors of the Company.

Electronic Prospectus means the electronic copy of this Prospectus located at the Company's website www.lustrumminerals.com.au.

EPC means exploration permit for coal granted under the Mineral Resources Act.

Executive Director means Mr Josh Puckridge.

Exposure Period means in accordance with section 727(3) of the Corporations Act, the period of 7 days (which may be extended by ASIC to up to 14 days) after lodgement of this Prospectus with ASIC during which the Company must not process Applications.

General Meeting means a general meeting of Shareholders.

Group means:

- (a) the Company;
- (b) Consuelo; and
- (c) the Consuelo Subsidiaries.

GST means Goods and Services Tax.

HIN means Holder Identification Number.

Independent Geologist means Zephyr Consulting Group Pty Ltd (ACN 609 594 005).

Independent Geologist's Report means the report contained in Section 8.

Indicative Timetable means the indicative timetable for the Offer on page 7 of this Prospectus.

Investigating Accountant means HLB Mann Judd.

Investigating Accountant's Report means the report contained in Section 4.

JORC Code means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition).

Kontrarian means Kontrarian Resource Fund No. 1 Pty Ltd (ACN 606 816 602).

Listing Rule means the listing rules of the ASX.

Mineral Resources Act means the *Mineral Resources Act 1989 (Qld)*.

Minimum Subscription has the meaning given in section 1.2.

Non-Executive Directors means Mr David Prentice and Ms Loren King.

Offer means the offer by the Company, pursuant to this Prospectus, of 25,000,000 Shares at an issue price of A\$0.20 each to raise A\$5,000,000.

Official List means the official list of the ASX.

Official Quotation or **Quotation** means official quotation by ASX in accordance with the Listing Rules.

Opening Date means the date specified as the opening date in the Indicative Timetable.

Prospectus means this prospectus dated 21 August 2017.

Related Bodies Corporate means a body corporate that is deemed by the Corporations Act to be related to the principal entity.

Relevant Interest has the meaning given in the Corporations Act.

Section means a section of this Prospectus.

Seed Raising means the capital raising by the Company completed on or around January 2017 in which 5,000,000 Shares at a price of A\$0.10 were issued to raise a total of A\$500,000.

Share Registry means Automic Pty Ltd.

Shareholder means any person holding Shares.

Shares means ordinary fully paid voting shares in the capital of the Company.

Station Nominees means Station Nominees Pty Ltd (ACN 133 016 850) as trustee for the Station Superannuation Fund.

Tenements means:

- (a) EPC 2318;
- (b) EPC 2327; and
- (c) EPC 2332.

Twentieth Century means Twentieth Century Motor Company Pty Ltd (ACN 167 248 419) as trustee for the Twentieth Century Motor Company Superannuation Fund.

12. APPLICATION FORM

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Trust
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample < Food Help Club A/C>	Food Help Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

INSTRUCTIONS FOR COMPLETING THE FORM

This is an Application Form for Ordinary Fully Paid Shares ('Shares') in Lustrum Minerals Ltd (ACN 609 594 005) (**Company**), made under the terms set out in the Prospectus dated 21 August 2017.

The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus.

1 Shares applied for - Enter the number of Shares you wish to apply. Your application must be for a minimum of 10,000 Shares (A\$2,000) and then in increments of 1,000 shares (A\$200). Enter the amount of the Application Monies. To calculate this amount, multiply the number of Shares applied for by the offer price which is A\$0.20.

2 Applicant name(s) and postal address - Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person. You should refer to the table for the correct forms of registrable title(s). Applicants using the wrong form of names may be rejected. Enter your postal address for all correspondence. Only one address can be recorded against a holding. With exception to annual reports, all communications to you from the Company will be mailed to the person(s) and address shown. Annual reports will be made available online when they are released.

3 Contact Details - Please advise your contact details between 9:00am WST and 5:00pm WST should we need to speak to you about your application. You can notify any change to your communication preferences by visiting the registry website – www.automic.com.au

4 CHESSE Holders - If you are sponsored by a stockbroker or other participant and you wish to hold shares allotted to you under this Application on the CHESSE subregister, enter your CHESSE HIN. Otherwise leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" (SRN) will be allocated to you.

5 TFN/ABN/Exemption - If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application Form.

6 Payment - Unless received from their broker, Applicants under the Offer must lodge their Application Form and Application Monies with the Share Registry by 5.00pm (WST) on the Closing Date.

BPAY® your payment via internet or phone banking. Please visit our share registry's website: <https://investor.automic.com.au/lustrumminerals.html> and complete the online application form. All online applicants can BPAY their payments via internet or phone banking. A unique reference number will be quoted upon completion of the application. Applicants should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight) and ensure payment is processed by their financial institution on or before the day prior to the closing date of the offer. BPAY applications will only be regarded as accepted if payment is received by the registry from your financial institution on or prior to the closing date. It is the applicant's responsibility to ensure funds are submitted correctly by the closing date and time.

You do not need to return any documents if you have made payment via BPAY.

Your BPAY reference number will process your payment to your application electronically and you will be deemed to have applied for such securities for which you have paid.

All cheques should be made payable to "Lustrum Minerals Ltd Application Account" and drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable".

Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid. Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured. Do not forward cash as receipts will not be issued.

Electronic Funds Transfer (EFT) is available for overseas applicants. Please email your completed Application Form and payment method request to hello@automic.com.au. The registry will then contact you with your unique payment reference number and will outline the procedure for making payment by EFT. Applicants should be aware of their financial institution's cut-off time. It is the Applicant's responsibility to ensure funds are submitted correctly by the Closing Date and time.

Applicants who received this Offer from their broker must return their Application Form and Application Monies back to their broker. Any cheque must be made payable to the broker.

LODGEMENT INSTRUCTIONS

There is no maximum value of Shares that may be applied for under the Offer. The Company may determine a person to be eligible to participate in the Offer.

The Offer opens at 9.00am (WST) on 29 August 2017 and is expected to close at 5.00pm (WST) on 26 September 2017. The Company may elect to extend the Offer or any part of it, may be closed at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible. Completed Application Forms and cheques must be:

Posted to:
Lustrum Minerals Ltd
C/- Automic
PO Box 2226
STRAWBERRY HILLS NSW 2012

Delivered to:
Lustrum Minerals Ltd
C/- Automic
Level 3, 50 Holt Street
SURRY HILLS NSW 2010
Hand delivery between Sydney office hours only - 9am to 5pm (AEST)

**Enquiries in respect of this Share Application Form should be addressed to Automic at +61 2 9698 5414 or hello@automic.com.au.
Application Forms must be received no later than 5.00pm (WST) 26 September 2017**

Privacy Clause: Automic Pty Ltd (ACN 152 260 814) trading as Automic Registry Services (Automic) advises that Chapter 2C of the *Corporation Act 2001* requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website – www.automic.com.au