



**blackmountain**  
resources limited

20 April 2018

Company Announcements  
Australian Securities Exchange  
Level 40  
Central Park  
152 - 158 St Georges Terrace  
Perth WA 6000

Dear sir/madam

**DISPATCH OF NON-RENOUNCEABLE RIGHTS ISSUE PROSPECTUS AND ENTITLEMENT AND ACCEPTANCE FORMS COMPLETE**

Further to Black Mountain Limited's (ASX: BMZ) (**Black Mountain** or the **Company**) ASX announcement dated 12 April 2018 regarding the Company's non-renounceable entitlement issue (**Rights Issue**), Black Mountain confirms that it has completed dispatch of the Rights Issue Prospectus and the Entitlement and Acceptance Forms to eligible shareholders.

Yours sincerely

Susan Hunter  
Company Secretary

**BLACK MOUNTAIN RESOURCES LIMITED  
(TO BE RENAMED HIPO RESOURCES LIMITED)  
ACN 147 106 974**

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**ENTITLEMENT ISSUE PROSPECTUS**

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For a non-renounceable entitlement issue of 1 fully paid ordinary share in the capital of the Company (**Share**) for every 1 Share held by those Shareholders registered at the Record Date at an issue price of \$0.02 per Share to raise up to \$3,263,355 (based on the number of Shares on issue as at the date of this Prospectus) (together with 1 free attaching option for every 2 Shares subscribed for and issued (**New Option**)) (**Offer**).

Sanlam Private Wealth Pty Ltd will act as Lead Manager in respect of the Offer. Refer to section 8.4(a) for details regarding the terms of the Lead Manager Agreement.

**IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The securities offered by this Prospectus should be considered as speculative.

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## 1. CORPORATE DIRECTORY

### Directors

Simon Grant-Rennick (Interim Chairman)  
Luca Bechis (Non-Executive Director)  
Maurice Feilich (Non-Executive Director)

### Registered Office

Level 2, 34 Colin Street  
West Perth WA 6005  
Telephone: + 61 8 9321 7277

### Company Secretary

Susan Hunter

### Share Registry\*

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

Telephone: 1300 850 505 (within Australia)  
International: +61 3 9415 4000

### Solicitors

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

### Auditor\*

RSM Australia Partners  
Level 32  
Exchange Tower  
2 The Esplanade  
Perth WA 6000

### Lead Manager

Sanlam Private Wealth Pty Ltd  
Level 15, 37 York Street  
Sydney NSW 2000  
Australian Financial Services Licence No:  
337927

\* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

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**2. TIMETABLE**

<b>Entitlement Issue</b>	
Company Announces Entitlement Issue	12 April 2018
Lodgement of Prospectus with the ASIC	12 April 2018
Lodgement of Prospectus and Appendix 3B with ASX	12 April 2018
Notice sent to Optionholders	12 April 2018
Notice sent to Shareholders	13 April 2018
Ex date	16 April 2018
Record Date for determining Shareholder entitlements	17 April 2018
Prospectus sent out to Shareholders & Company announces this has been completed	20 April 2018
Last day to extend the Closing date	10 May 2018
Closing Date	15 May 2018
Securities quoted on a deferred settlement basis	16 May 2018
ASX notified of under subscriptions	18 May 2018
Issue date	22 May 2018
Quotation of Shares issued under the Entitlement Issue	23 May 2018

\*The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.

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### **3. IMPORTANT NOTES**

This Prospectus is dated 12 April 2018 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

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

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

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

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

#### **3.1 Risk factors**

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

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## 4. DETAILS OF THE OFFER

### 4.1 The Offer

The Offer is being made as a non-renounceable entitlement offer of 1 Share for every 1 Share held by Shareholders registered at the Record Date at an issue price of \$0.02 per Share, together with 1 free attaching New Option for every 2 Shares subscribed for and issued. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, (and assuming no existing Options are exercised prior to the Record Date) a maximum of 163,167,728 Shares and 81,583,864 New Options will be issued pursuant to this Offer to raise up to \$3,263,355. No funds will be raised from the issue of the New Options.

As at the date of this Prospectus the Company has 3,857,252 unlisted Options on issue, all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to section 5.5 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to section 6 for further information regarding the rights and liabilities attaching to the Shares.

All of the New Options offered under this Prospectus will be issued on the terms and conditions set out in section 6.2 of this Prospectus.

All Shares issued on conversion of the New Options will rank equally with the Shares on issue at the date of this Prospectus.

The purpose of the Offer and the intended use of funds raised are set out in section 5.1 of this Prospectus.

### 4.2 Minimum subscription

The minimum subscription in respect of the Offer is the Full Subscription. No shares will be issued until the Full Subscription has been received. If the Full Subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application monies to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application monies.

### 4.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
  - (i) complete the Entitlement and Acceptance Form; and

- (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
  - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.02 per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

#### **4.4 Payment by cheque/bank draft**

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Black Mountain Resources Limited- Entitlement Issue Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00 pm WST on the Closing Date.

#### **4.5 Payment by BPAY®**

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

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

**It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5:00pm(WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.** Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

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

#### **4.6 Shortfall Offer**

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will close on the Closing Date. The issue price for each Share offered under the Shortfall Offer is \$0.02 being the price at which Shares have been offered under



the Offer and the Shortfall Offer includes 1 free attaching New Option for every 2 Shares subscribed for and issued. Allocation of the Shortfall Offer is at the discretion of the Board in consultation with the Lead Manager. No Applicant will be issued Shares pursuant to the Shortfall Offer which would result in that Applicant having voting power of 5% or greater of the Company.

#### 4.7 Offset

Under the terms of the Offers, Applicants may elect to offset fees owing by the Company to the Shareholder in lieu of the Shareholder paying cash consideration for the Shortfall Shares under the Shortfall Offer. Applicants who wish to offset fees should contact the Company in this respect.

Any remaining balance outstanding after the fees have been applied towards the Shortfall Shares shall be repaid by the Company to Shareholders in accordance with existing arrangements.

#### 4.8 Lead Manager Agreement

The Lead Manager has agreed to use its best endeavours to ensure that the Company achieves the Full Subscription. Refer to section 8.4(a) of this Prospectus for details of the agreement with the Lead Manager. The Lead Manager has received commitments from non-related parties for 100% of the Full Subscription in the event of any Shortfall.

The Company will pay to the Lead Manager a management fee of \$25,000 and a fee of 6% in respect of any commitments introduced and Shortfall placed .

#### 4.9 Potential Dilution

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 50% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders assuming no New Options have been exercised is set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	10,000,000	6.13%	10,000,000	10,000,000	3.06%
Shareholder 2	5,000,000	3.06%	5,000,000	5,000,000	1.53%
Shareholder 3	1,500,000	0.92%	1,500,000	1,500,000	0.46%
Shareholder 4	400,000	0.25%	400,000	400,000	0.12%
Shareholder 5	50,000	0.03%	50,000	50,000	0.02%
<b>Total</b>	<b>163,167,728</b>		<b>163,167,728</b>		<b>326,335,456</b>

#### Notes:

- The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

#### **4.10 ASX listing**

Application for Official Quotation of the Shares and Options offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Securities offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Securities and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest.

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

#### **4.11 Issue**

Securities issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Securities issued pursuant to the Shortfall Offer will be issued on or around the Closing Date. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

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

Holding statements for Securities issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

#### **4.12 Overseas shareholders**

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

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

##### **New Zealand**

The Securities are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

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

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

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

### **4.13 Enquiries**

Any questions concerning the Offer should be directed to Susan Hunter, Company Secretary, on +61 8 9321 7277 or email: [shunter@huntercorporate.com.au](mailto:shunter@huntercorporate.com.au)

## 5. PURPOSE AND EFFECT OF THE OFFER

### 5.1 Purpose of the Offer

The purpose of the Offer is to raise \$3,263,355. No funds will be raised from the issue of the New Options.

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

Item	Proceeds of the Offer	Full Subscription (\$)	Full Subscription %
1.	Exploration Funding <sup>1</sup>	1,715,839	52.58%
2.	Due Diligence – Lithium Project <sup>2</sup>	100,000	3.06%
2.	Restructure Loan Repayment <sup>3</sup>	640,000	19.61%
3.	Expenses of the Offer <sup>4</sup>	275,000	8.43%
5.	Working capital	532,516	16.32%
	<b>Total</b>	<b>3,263,355</b>	<b>100%</b>

#### Notes:

- The exploration funding is to be applied toward the existing Busumbu Phosphate Project and other existing copper and rare earth targets identified in the Bukusu Complex as follows:
  - (Busumbu Phosphate)** resource definition drilling (\$500,000), preliminary mine planning and optimisation studies (\$200,000), broad sampling and metallurgical test work (\$150,000) and preliminary processing plant optimisation studies (\$150,000); and
  - (Bukusu Complex)** ground survey geophysics and sampling (\$150,000), drilling program (post completion and evaluation of geophysics) and in some areas pitting will be implemented (\$250,000).
- Desktop review of all current and historical exploration in the area, reviewing the legal status of the licenses and agreements, site visit to DRC to visit the license areas in and around Interest to make geological observations (to validate presence of permissive lithologies) and sampling where necessary, recommendation for exploration programme to define JORC compliant resource and report compilation.
- Part of the restructure transaction under the Heads of Agreement with Richmond Partners Maters Limited as detailed in the Notice of Meeting.
- Refer to section 8.8 of this Prospectus for further details relating to the estimated expenses of the Offer.

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

### 5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no

Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$2,988,355 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 163,167,728 as at the date of this Prospectus to 326,335,456 Shares following complete of the Offer; and
- (c) increase the number of Options on issue from 3,857,252 as at the date of this Prospectus to 85,441,116 Options following completion of the Offer.

### 5.3 Offset Arrangements

#### (a) **Maurice Feilich**

As per the Notice of Meeting, the Company has agreed to offset debts owed to Mr Maurice Feilich. Mr Maurice Feilich, a related party of the Company by virtue of being a Director, is currently owed funds by the Company in for managing the Company (as the only Director in an executive capacity for the last 9 months) including involvement in operational, corporate and capital raising matters of the Company. As at the date of this Prospectus, the total amount owing to Mr Maurice Feilich and his associated entities equates to \$105,000 in fees.

Subject to shareholder approval, the Company may issue up to a maximum of 5,250,000 Shares (at an issue price of \$0.02 per Share) to Mr Feilich (or his nominee), resulting from his participation in the Shortfall under the Proposed Entitlement Issue (**Shortfall Shares**), together with 1 free attaching Option for every 2 Shares. Under the terms of the proposed Shortfall Offer, Mr Feilich may elect to offset the fees owing by the Company to Mr Feilich in lieu of Mr Feilich paying cash consideration for Shortfall Shares under the Shortfall Offer. Mr Feilich has indicated that he will elect to offset fees in payment of his subscription monies for the Shortfall Shares.

#### (b) **Simon Grant-Rennick**

As per the Notice of Meeting, the Company has agreed to offset debts owed to Mr Grant-Rennick. Mr Grant-Rennick, a related party of the Company by virtue of being a Director, is currently owed funds by the Company in respect of an outstanding debt owed to him for his executive role as head of sales and marketing during 2016/2017, including travel and other expenses accrued by Mr Grant-Rennick in this role. As at the date of this Prospectus, the total amount owing to Mr Grant-Rennick and his associated entities equates to \$105,000 in fees.

Subject to shareholder approval, the Company may issue up to a maximum of 5,250,000 Shares (at an issue price of \$0.02 per Share) to Mr Grant-Rennick (or his nominee), resulting from his participation in the Shortfall Offer under the Proposed Entitlement Issue (**Shortfall Shares**), together with 1 free attaching Option for every 2 Shares. Under the terms of the proposed Shortfall Offer, Mr Grant-Rennick may elect to offset the fees owing by the Company to Mr Grant-Rennick in lieu of Mr Grant-Rennick paying cash consideration for Shortfall Shares under the Shortfall Offer. Mr Grant-Rennick has indicated that he will elect to offset fees in payment of his subscription monies for the Shortfall Shares.

## 5.4 Pro-forma balance sheet

The audit reviewed balance sheet as at 31 December 2017 and the unaudited pro-forma balance sheet shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

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

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

	AUDITED REVIEWED 31/12/2017	PROFORMA
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$29,758	\$2,198,396
Other current assets	\$853,870	-
<b>TOTAL CURRENT ASSETS</b>	<b>\$883,628</b>	<b>\$2,198,396</b>
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	\$606,279	-
Exploration and evaluation expenditure	\$352,475	-
Mine properties	\$2,884,390	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>\$3,843,144</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>\$4,726,772</b>	<b>\$2,198,396</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	\$1,505,843	\$175,065
Borrowings <sup>1</sup>	\$1,598,778	\$200,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$3,104,621</b>	<b>\$375,065</b>
<b>NON-CURRENT LIABILITIES</b>		
Trade and other payables	\$4,493,305	\$39,916
Provisions	\$71,960	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>\$4,565,265</b>	<b>\$39,916</b>
<b>TOTAL LIABILITIES</b>	<b>\$7,669,886</b>	<b>\$414,981</b>

	AUDITED REVIEWED 31/12/2017	PROFORMA
<b>NET ASSETS (LIABILITIES)</b>	<b>(\$2,943,114)</b>	<b>\$1,783,415</b>
<b>EQUITY</b>		
Issued capital	\$34,606,955	\$38,781,105
Reserve	\$780,530	\$1,688,432
Accumulated losses	(\$38,330,599)	(\$38,686,122)
<b>TOTAL EQUITY</b>	<b>(\$2,943,114)</b>	<b>\$1,783,415</b>

**Notes:**

1. \$200,000 loan relates to funding from Investmet Limited, which can be converted to shares at the company's election.
2. All previous exploration on Busumbu and Bukusu phosphate and copper was expensed.
3. Pro forma assumes completion of the transaction with Richmond Capital which is anticipated to settle on 23 May 2018.

## 5.5 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

### Shares

	Number
Shares currently on issue	163,167,728
Shares offered pursuant to the Offer	163,167,728
<b>Total Shares on issue after completion of the Offer</b>	<b>326,335,456</b>

### Options

	Number
Options currently on issue: (Unquoted exercisable at \$0.125 on or before 30 June 2018) (Unquoted exercisable at \$0.05 on or before 30 April 2020) <sup>2</sup>	1,857,252 2,000,000
New Options offered pursuant to the Offer (Quoted exercisable at \$0.02 on or before 30 June 2020)	81,583,864
<b>Total Options on issue after completion of the Offer</b>	<b>85,441,116</b>

**Notes:**

1. The above capital structure does not include the following convertible notes:
  - (a) 535,000 convertible notes (face value \$1, expiry 15/6/18, convertible at \$0.05 (or lower if capital raising before expiry at a lower price));
  - (b) convertible note proposed to be issued to clients of Sanlam Private Wealth Pty Ltd, having a face value of \$550,000, and subject to Shareholder approval as per the

Notice of Meeting, convertible into 27,500,000 Shares (and 13,750,000 Options) at the price per Share offered under the Offer. .

2. The terms of these Options (as set out in Annexure A of the Notice of Meeting provide that if the Company makes a pro-rata issue of Securities (except a bonus issue) to Shareholders, the exercise price of an Option shall be reduced (in accordance with the formula set out in those terms).

The capital structure on a fully diluted basis as at the date of this Prospectus would be 167,024,980 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised prior to the Record Date) would be 411,776,572 Shares.

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

## 5.6 Details of substantial holders

Based on publicly available information as at 27 March 2018, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Richmond Partners Masters Limited	27,973,727	17.14%
Citicorp Nominees Pty Limited	9,486,732	5.81%

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer. Other than as set out in the above table, the Company is not aware of any shareholders who will hold more than 5% post completion of the Offer.

Sanlam has confirmed that no party will be allocated any Shortfall through their commitment letters which would result in a post completion holding of more than 5%.



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## **6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES**

### **6.1 Shares**

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

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

#### **(a) General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

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

#### **(b) Voting rights**

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

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

#### **(c) Dividend rights**

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

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of

the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

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

(d) **Winding-up**

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

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

(e) **Shareholder liability**

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

(f) **Transfer of shares**

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

(g) **Future increase in capital**

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

(h) **Variation of rights**

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

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

(i) **Alteration of constitution**

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

## 6.2 New Options

The New Options are subject to the below terms and conditions:

(a) **Entitlement**

Each New Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each New Option will be \$0.02 (Exercise Price)

(c) **Expiry Date**

Each New Option will expire at 5:00 pm (WST) on 30 June 2020 (Expiry Date). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

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

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the New Options.

(j) **Reconstruction of capital**

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

(k) **Participation in new issues**

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

(l) **Change in exercise price**

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

(m) **Quoted**

The Company will apply for quotation of the New Options on ASX.

(n) **Transferability**

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

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## 7. RISK FACTORS

### 7.1 Introduction

- (a) The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.
- (b) There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### 7.2 Company specific

#### (a) Potential for significant dilution

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares in the Company will increase from 163,167,728 currently on issue to 326,335,456. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the prospectus being lodged of \$0.047 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

#### (b) Risks associated with operating in Uganda

The Company's principal focus is on projects located in Uganda, a country considered to have high political and sovereign risk. Changes in legislative and administrative regimes, taxation laws, interest rates, other legal and government policies in Uganda may have an adverse effect on the assets, operations and ultimately the financial performance of the Company and the market price of the Company's Shares. Any material adverse changes in government policies or legislation in Uganda may affect the viability and profitability of the Company. Possible sovereign risks associated with operating in Uganda include, without limitation, changes to the terms of mining legislation, changes to royalty arrangements, changes to taxation rates and concessions and changes to the ability to enforce legal rights. The Company's operations in Uganda require the granting and maintenance of appropriate licences, permits and regulatory consents, authorisations (including those related to interests in mining and exploration licenses), which may not be granted or may be withdrawn or be made subject to limitations at the discretion of government or regulatory authorities. The Company also relies on

authorisations pursuant to some of its contracts with various counterparties in relation to its ongoing operations and development activities. Although such authorisations may be renewed following expiry or granted (as the case may be), there can be no assurance that such authorisations will be continued, renewed or granted, or of terms of renewals or grants. If there is a failure to obtain or retain the appropriate authorisations or there is a material delay in obtaining or renewing them or they are granted subject to onerous conditions, then the Company's ability to conduct its exploration, development or operations may be adversely affected.

(c) **Uganda Projects – risk of unforeseeable events**

The Company's operations and development activities at the Uganda Projects could be affected by various unforeseeable events and circumstances.

The Company's activities at the Busumbu Phosphate Project and other early stage exploration activities on copper, iron, zircon and rare earths targets on the Uganda Projects could be affected by various unforeseeable events and circumstances, which may result in increased costs, lower production levels and, following on from that, lower revenue levels. The Company could be adversely affected by disruptions to operations or future proposed mine development or operations caused by adverse climatic conditions (including weather/natural disasters and other force majeure events), hydrological, geological, geotechnical, seismic and mining conditions, breakdown of equipment, industrial accidents, labour disputes, transport accidents occupational safety and health issues, port delays and potential substantial costs associated with environmental remediation and rehabilitation (and associated damage control and losses).

The Company will seek to minimise the potential damage that could arise from the occurrence of some of these risks by obtaining appropriate insurance cover for certain events and appropriate indemnities from suppliers and contractors. As to mitigating environmental risks, the Company aims to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws and regulations. However, the Company is unable to predict any future changes to environmental laws and regulations, which may materially increase the Company's cost of doing business or affect its operations. Any negative outcomes flowing from these operational risks could have an adverse effect on the Company's business, financial condition, profitability and performance.

The Company's Ugandan Projects are subject to operating risks that could result in increased costs and reduced revenues and, as a result, one or more mineral deposits becoming unprofitable or uneconomic. If any one or more of these operating risks eventuates, it could result in increased production costs for the Company and may materially impact on the Company's competitive position or ability to derive profits. In particular, mining costs may be materially impacted by adverse mining and geological conditions.

These potential risks in relation to both disruptions to operations and operating risks generally, should they eventuate, could adversely affect the Company's business, financial condition, profitability and performance. This may include loss of revenue due to lower production

than expected, higher operation and maintenance costs or on-going unplanned capital expenditure.

Upon completion of the capital raising pursuant to the Offer, the Company is proposing to complete further detailed exploration work at the Busumbu Phosphate Project including, resource definition drilling, preliminary mine planning and optimisation studies, broad sampling and metallurgical test work and preliminary processing plant optimisation studies. There is a risk that the Company may not be able to identify sufficient reserves to meet any increased exploration expenditure.

Further mine planning and optimisation studies, processing plant test work and optimisation studies and further feasibility work will all need to be completed by the Company with respect to the Busumbu Phosphate Project.

(d) **'Going concern' Risk**

While completing the audit review of the Company's half yearly financial report for the half-year ended 31 December 2017, the Company's auditor, noted the following:

*"...these events or conditions, along with other matters as set out in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern"*

Notwithstanding the 'going concern' qualification included in the half yearly financial report, the Directors believe that upon the successful completion of the Offer and settlement of the restructure transaction under the Heads of Agreement with Richmond Partners Maters Limited (as set out in the Notice of Meeting), the Company will have sufficient funds to adequately meet the Company's current exploration commitments and short term working capital requirements.

In the event that the Offer and restructure under the Heads of Agreement with Richmond Partners Maters Limited is not completed successfully there is significant uncertainty as to whether the Company can continue as a going concern, and which is likely to have a material adverse effect on the Company's activities.

(e) **Contractual Risks**

The Company is yet to enter a number of formal agreements with respect to the following exclusive options:

- (i) exclusive 90 day due diligence option to earn (by way of farm-in) a 60% legal and beneficial interest in mining permits located in south-east of Manono lithium province, Democratic Republic of Congo, from Crown Mining Sarl; and
- (ii) exclusive 45 day due diligence option to earn (by way of farm-in) a 75% beneficial interest in Exploration Licences located in south-east of Manono lithium province, Democratic Republic of Congo, from Cooperative Miniere de Development de Dikuluwe.

The farm-in terms are yet to be negotiated and finalised during the due diligence option periods. There is no guarantee that the



Company will enter into formal agreements or exercise its farm-in rights under these agreements, and this will be decided after the Company has undertaken due diligence. If the Company does not enter these agreements, the Company would not obtain an interest in these additional tenements and the associated lithium rights.

(f) **Exchange Rates**

A significant portion of the Company's operating expenses are denominated in Ugandan Shillings. Furthermore, the Company holds a portion of its cash balance in US dollars and Australian dollars at any given time.

Accordingly, the Company's income from, and the value of its business, will be affected by fluctuations in the rates by which the US dollar is exchanged with Ugandan shilling and Australian dollars. For example, a weakening in the value of the US dollar as compared to the Ugandan shilling and Australian dollar, would have an effect of reducing the Ugandan shilling value of US dollar sales. Although steps may be undertaken by the Company to manage currency risk (for example via hedging strategies to be implemented under the Company's Hedging Policy), adverse movements in the Ugandan shilling and Australian dollar against the US dollar may have an adverse impact on the Company. Combined with other factors, this could lead to a deterioration in the Company's financial performance and competitive position.

(g) **Uganda is land locked**

Uganda is a land locked country and the export of the Company's products to its customers is subject to access to infrastructure and the stability of and regulation in the countries neighbouring Uganda.

The Company's operations in Uganda require access to road and rail haulage and transportation operations through Uganda and Kenya, and access to relevant infrastructure and its use of port facilities at Mombasa and the Company relies on the granting and maintenance of appropriate licences, permits and regulatory consents and authorisations, which may not be granted or may be withdrawn or be made subject to limitations at the discretion of government or regulatory authorities.

Although the authorisations may be granted or renewed following expiry (as the case may be), there can be no assurance that such authorisations will be continued, renewed or granted, or as to the terms of renewals or grants. If there is a failure to obtain or retain these authorisations or there is a material delay in obtaining or renewing them or they are granted subject to onerous conditions, then the Company's ability to export its products, access road and rail haulage and transportation operations through Uganda and Kenya, access relevant infrastructure or use the port facilities at Mombasa for export may be adversely affected.

(h) **Exploration, mining, operational and technical difficulties**

The Company's exploration and production activities may be impacted by exploration and mining, operational and technical difficulties.

The Company's exploration and production may be hampered by adverse developments in mining laws, environmental legislation, industrial accidents, industrial disputes, cost overruns, failure to achieve predicted grades in exploration and operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, land claims and compensation and other unforeseen contingencies.

The success of the Company is also impacted by the discovery of economically recoverable reserves and resources, the availability and cost of required development capital, movement in the price of commodities, securing and maintaining title to its exploration and mining tenements as well as obtaining all necessary consents and approvals of the conduct of its exploration and production activities.

Exploration and production on the Company's existing exploration and mining licenses may prove unsuccessful resulting in a reduction of the value of those licenses and a diminution in the cash flow and cash reserves of the Company as well as possible relinquishment of the exploration and mining licenses.

Risks involved in mining operations include unusual and unexpected geologic formations, seismic activity, cave-ins, flooding and other conditions involved in the drilling and removal of any material, any of which could result in damage to life or property, environmental damage and possible legal liability. Further, weather conditions over a prolonged period can damage infrastructure, including haulage roads, and adversely affect exploration, production, mining and drilling operations and the timing of earning revenues.

Whether income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency, quality and reliability of ore grades and commodity prices affect successful project development. The design and construction of efficient processing facilities, the existence of competent operational management and prudent financial administration, as well as the availability and reliability of appropriately skilled and experienced consultants also can affect successful project development.

(i) **Environmental and other regulatory risks**

Environmental legislation is evolving in a manner which will likely require stricter standard and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulations in Uganda, if any, will not materially and adversely affect the Company's business, prospects, financial condition and results of operations.

Various governmental approvals and permits will also be required in connection with various aspects of the Company's operations from time to time. To the extent such approvals or permits are required and not obtained, the Company may be delayed or prevented from proceeding with planned exploration or development.

(j) **Additional requirements for capital risk**

The Company may require further financing in addition to amounts recently raised. Any additional equity financing will dilute shareholdings and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, the Company may be required to reduce the scope of its operations and scale back its mining and exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(k) **Competition risk**

The Company will be participating in a highly competitive market, however the Directors are of the view that there are few, if any, specific competitors who have a dominant market share and dictate the structure or practices in the market.

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.

(l) **Reliance on key personnel and the need to attract qualified staff**

The Company's success depends on the core competencies of its Directors and management team to operate in the resource and mining industry. The loss of one or more of these persons could adversely affect the growth prospects, operating results and financial performance of the Company. There can be no assurance that the Company will be able to attract or retain sufficiently qualified personnel on a timely basis or retain its key management personnel.

Further, in order to undertake the Company's planned development activities, it may require additional financial, administrative, permitting and operational personnel. While the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

### 7.3 **General risks**

(a) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;

- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(d) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(e) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

## **7.4 Speculative investment**

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 Securities offered under this Prospectus

Therefore, the Securities 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 Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

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## **8. ADDITIONAL INFORMATION**

### **8.1 Litigation**

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

### **8.2 Continuous disclosure obligations**

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

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

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

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

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

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

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

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

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

<b>Date</b>	<b>Description of Announcement</b>
05-04-18	BMZ Raises \$500,000 & Enters DD on Lithium Project in DRC
19-03-18	Financial Report for the Half Year Ended 31 December 2017
19-02-18	Reinstatement to Official Quotation
19-02-18	Strategic Restructure
02-02-18	Quarterly Activities and Cash Flow Report
27-12-17	Voluntary Suspension
21-12-17	Trading Halt
30-11-17	Results of Annual General Meeting
01-11-17	Appendix 3B - End of Restriction Period
01-11-17	Quarterly Activities and Cash Flow Report
27-10-17	Notice of Annual General Meeting/Proxy Form
06-10-17	Reinstatement to Official Quotation
06-10-17	Appendix 4G and Corporate Governance Statement

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

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

### **8.3 Market price of shares**

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

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

Highest	\$0.066	9 April 2018
Lowest	\$0.014	8 March 2018 11 March 2018 – 15 March 2018 18 March 2018 - 19 March 2018
Last	\$0.047	10 April 2018

#### 8.4 Material contract

Below is a summary of the significant terms of the material agreement which relate to the Offer.

##### (a) Lead Manager Agreement

Sanlam Private Wealth Pty Ltd (**Sanlam**) has agreed to act as a Lead Manager for the Offer under this Prospectus for a period of 3 months.

Sanlam has agreed to provide the following services:

- (i) act as corporate advisor for Company;
- (ii) book running for corporate transactions;
- (iii) act as corporate advisor post listing including:
  - (A) acting in the capacity of Lead Manager;
  - (B) liaising with participating brokers and accommodating interests, wholesale bids and share fees with participants;
  - (C) accommodate existing or potential shareholders the Company introduces to participate in allocations,

##### (Services)

The Company has agreed to pay Sanlam:

- (i) a corporate administration fee of \$25,000 (plus GST); and
- (ii) a fee of 6% (plus GST) on any funds raised for the Company in carrying out the Services; and
- (iii) other fees and expenses.

#### 8.5 Interests of Directors

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

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



- (ii) the Offer; or
  - (c) the Offer,
- and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:
- (d) as an inducement to become, or to qualify as, a Director; or
  - (e) for services provided in connection with:
    - (i) the formation or promotion of the Company; or
    - (ii) the Offer.

### **Security holdings**

The relevant interest of each of the Directors in the securities (held directly or indirectly) of the Company as at the date of this Prospectus, together with their respective Entitlement (as well as any entitlements under the Director Shortfall Entitlement), is set out in the table below.

<b>Director</b>	<b>Shares</b>	<b>Options</b>	<b>Entitlement</b>	<b>Director Shortfall Entitlement</b>
Simon Grant Rennick	3,500,000	None	3,500,000	5,250,000 <sup>2</sup>
Luca Bechis	28,543,727 <sup>3</sup>	None	28,543,727	-
Maurice Feilich	2,601,687 <sup>1</sup>	None	2,601,687	5,250,000 <sup>2</sup>

1. The 2,601,687 ordinary shares have been issued as follows:
  - (a) 1,201,687 fully paid ordinary shares issued to Filmrim Pty Ltd (Maurice Feilich is a Director and Shareholder of this entity);
  - (b) 700,000 fully paid ordinary shares have been issued to Filmrim Pty Ltd <Majufe Super A/C> (Maurice Feilich is a Director and shareholder of trustee and beneficiary);
  - (c) 400,000 fully paid ordinary shares issued to Chaleyzer Holdings Pty Ltd <Rubben Family A/C> (Maurice Feilich is a Director and shareholder of trustee & beneficiary);
  - (d) 300,000 fully paid ordinary shares issued to Notegrin Pty Ltd (Maurice Feilich is a Director and shareholder).

The above table does not include the following convertible notes that have been issued to Maurice Feilich:

- (a) 50,000 convertible notes – face value \$1; expiry 15/3/18; convertible at \$0.05 (or lower if capital raising before expiry at a lower price) issued to Filmrim Pty Ltd <Majufe Super A/C> (Maurice Feilich is a Director and shareholder of trustee and beneficiary).
  - (b) 50,000 convertible notes – face value \$1; expiry 15/3/18; convertible at \$0.05 (or lower if capital raising before expiry at a lower price) Chaleyzer Holdings Pty Ltd <Rubben Family A/C> (Maurice Feilich is a Director and shareholder of trustee & beneficiary).
2. Each of Simon Grant Rennick and Maurice Feilich may each also take up an additional 5,250,000 Shares under the Director Shortfall Entitlement.
  3. Luca holds 27,973,727 shares (through his entity Richmond Partners Masters Limited) (issued on 15/8/16) and 570,000 shares (through his entity LB International Limited) (issued on 15/8/16).

The Board recommends all Shareholders take up their Entitlement and advises that all Directors intend to take up their respective Entitlements and Director Shortfall Entitlements

## Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$150,000 per annum, however as per the Notice of Meeting, subject to shareholder approval this is to be increased to \$300,000.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

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

Director	30 June 2017	30 June 2018
Simon Grant Rennick <sup>1</sup>	\$150,001	Nil
Luca Bechis <sup>2</sup>	\$20,000	Nil
Maurice Feilich <sup>3</sup>	Nil	\$105,000 <sup>4</sup>

### Notes:

1. Mr Grant-Rennick was appointed Executive Director of Marketing on 10 November 2016 and Interim Chairman on 1 July 2017.
2. Mr Bechis was appointed Non-Executive Director on 10 November 2016.
3. Mr Feilich was appointed Non-Executive Director on 1 July 2017.
4. The Company confirms that it currently owes Mr Feilich an amount of \$105,000 in fees for managing the Company (as the only Director in an executive capacity for the last 9 months) and covers all operational, corporate and capital raising matters of the Company (Refer to Notice of Meeting).

## 8.6 Interests of experts and advisers

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

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or

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

- (c) the formation or promotion of the Company;

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

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

- (f) the formation or promotion of the Company; or
- (g) the Offer.

Sanlam Private Wealth Pty Ltd will be paid a management fee of \$25,000 and a fee of 6% on any commitment letters introduced and shortfall placed in respect of this Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Sanlam Private Wealth Pty Ltd has been paid fees totalling \$206,750 (plus GST) by the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$975 (excluding GST and disbursements) for legal services provided to the Company.

## **8.7 Consents**

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as proposed directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus.

Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly 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.

Sanlam Private Wealth Pty Ltd has given its written consent to being named as Lead Manager to the Offer in this Prospectus, in the form and context in which it is named.

Steinepreis Paganin has given its written consent to being named as the solicitors

to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

## 8.8 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$275,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	<b>\$</b>
ASIC fees	2,400
ASX fees	18,531
Lead Manager fees	220,801
Legal fees	15,000
Miscellaneous	18,268
<b>Total</b>	<u>275,000</u>

## 8.9 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 (0) 409 475 338 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at [www.blackmountainresources.com.au](http://www.blackmountainresources.com.au).

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.

## 8.10 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

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

The Company will not be issuing share or option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

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

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

## **8.12 Privacy Act**

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

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

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**9. DIRECTORS' AUTHORISATION**

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

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



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**Maurice Feilich**  
**Director**  
**For and on behalf of**  
**Black Mountain Resources Limited**

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## 10. GLOSSARY

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

**Applicant** means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

**Application** means an application to subscribe for Shares under this Prospectus.

**Application Form** means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

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

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

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

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

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

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

**Closing Date** means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

**Company** means Black Mountain Resources Limited (ACN 147 106 974).

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

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

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

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

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

**Full Subscription** means \$3,263,355.

**Lead Manager Agreement** means the agreement entered into with the Lead Manager having the terms set out in clause 8.4(a).

**New Option** means an Option issued on the terms set out in section 6.2 of this Prospectus.

**Notice of Meeting** means the notice of meeting of the Company in respect to the meeting to be held on 14 May 2018.

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

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

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

**Optionholder** means a holder of an Option.

**Prospectus** means this prospectus.

**Record Date** means the date specified in the timetable set out at the commencement of this Prospectus.

**Securities** means Shares and New Options offered pursuant to the Entitlement.

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

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

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

**Shortfall Application Form** means the shortfall application form either attached to or accompanying this Prospectus.

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in section 4.6 of this Prospectus.

**Shortfall Securities** means those Securities issued pursuant to the Shortfall.

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