



For the renounceable entitlement issue of Shares in Ikwezi Mining Limited (incorporated in Bermuda with registered company number 45349) ARBN 151 258 221.

ENTITLEMENT ISSUE PROSPECTUS

For a renounceable entitlement issue of three (3) Shares for every one (1) Share held by those Shareholders registered at the Record Date at an issue price of \$0.002 per Share to raise up to \$6,097,500 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

The Offer is fully underwritten by Finevest Investments Limited, a company incorporated in the United Arab Emirates with registration number 205841 (**Underwriter**). Refer to Section 9.4 for details regarding the terms of the Underwriting 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 Shares offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Incorporation

Country of Incorporation: Bermuda
Registration number: 45349

Directors

David Pile (Chairman)
Tushar Agrawal (Director)
Alok Joshi (Director)
Rinaldo Charles Anthony (Director)

Company Secretary

Alexander Neuling and
Conyers Corporate Services (Bermuda)
Limited* (Assistant Company Secretary)

Bermuda resident representative*

Conyers Corporate Services (Bermuda)
Limited

Registered Office

Clarendon House
2 Church Street
Hamilton HM11 Bermuda

Website: www.ikwezimining.com
Email: info@ikwezimining.com

Share Registry*

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

Solicitors

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

Underwriter

Finevest Investments Limited
702, 7th Floor, JBC5
Dubai United Arab Emirates

Nominee

DJ Carmichael Pty Limited
Level 14, 191 St Georges Terrace
Perth WA 6000

Auditor*

Charter Financial Services Pty Ltd
Unit 9, 17 Foley Street
Balcatta WA 6021

*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.

2. TIMETABLE

Lodgement of Prospectus with ASIC	21 November 2018
Lodgement of Prospectus & Appendix 3B with ASX	21 November 2018
Notice sent to Shareholders	23 November 2018
Ex date	26 November 2018
Rights start trading	26 November 2018
Record Date for determining Entitlements	27 November 2018
Prospectus sent out to Shareholders & Company announces this has been completed	29 November 2018
Rights stop trading	3 December 2018
Shares quoted on a deferred settlement basis	3 December 2018
Last day to extend Offer Closing Date	5 December 2018
Closing Date (5:00 pm WST)*	10 December 2018
ASX notified of under subscriptions	12 December 2018
Issue date/Shares entered into Shareholders' security holdings	14 December 2018
Quotation of Shares issued under the Offer*	17 December 2018

*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 21 November 2018 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares 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 Shares 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 Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 8. 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 Shares pursuant to this Prospectus.

3.2 Forward-looking statements

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

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

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

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

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

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 8.

3.3 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 the 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.

4. COMPANY UPDATE

The Company has a 70% interest in the Newcastle Project (previously the Ntendeka colliery) located in Kwa-Zulu Natal, South Africa (**Newcastle Project**).

The Newcastle Project consists of a number of opencast and underground areas. The Kliprand Colliery is the initial opencast area where preliminary mining operations are starting and forms part of the larger Newcastle Project.

The Company has appointed, CML Melger (Pty) Ltd (**CML**) as the mining contractor for the start-up of the operations. CML has mobilised on site with clearing and fencing of the initial opencast areas completed. The removal and stockpiling of the top soil and certain of the soft (free dig) material has commenced together with the construction of safety berms in the mining area. The majority of the initial box cut has been completed at the date of this prospectus and coal has been exposed. It is planned to crush and screen coal mined with sales initially planned on a free-on-truck basis.

The below are pictures taken at the Company's Kliprand Colliery during October 2018



It is not initially intended to use the coal wash plant to wash any coal mined. This is due to the incremental capital required to bring the wash plant into operation together with the additional operational cost to wash the coal versus the current market prices.



Ikwezi's Newcastle Project Coal Wash Plant

The first stage of the wash plant has been completed and commissioned which has a base design capacity of 170,000 tons per month although it is capable of processing 200,000 tons per month. Remaining work required to bring the wash plant into production is the construction of the water supply system from the old Ngagane colliery which is approximately 8 km away from the wash plant.

The wash plant, when operational, will provide the operations with the flexibility to provide different coal to different markets including the sized and standard 0-50mm products should the margins generated warrant this.

Rail and port

It is expected that the crushed and screened ROM coal will initially be sold ex pit on a free-on-truck basis with the purchaser providing any required rail and port allocations. Sales will initially be on a spot basis. The Company has recommenced discussions with TFR and the various port authorities with a view to obtaining rail and port allocations in the Company's name. Whilst historically commitments were made to the Company in this regard, a substantial amount of time has elapsed since these initial commitments. Whilst the Company is hopeful to obtain the various allocations going forward, it will need to demonstrate its ability to produce coal on a consistent basis before it will be able to make commitments in this regard.

5. DETAILS OF THE OFFER

5.1 The Offer

The Offer is being made as a renounceable entitlement issue of three (3) Shares for every one (1) Share held by Shareholders registered at the Record Date at an issue price of \$0.002 per Share. 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 all Entitlements are accepted, a maximum 3,048,750,000 Shares will be issued pursuant to this Offer to raise up to \$6,097,500.

As at the date of this Prospectus the Company has no 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 7 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 6.1.

5.2 What Eligible Shareholders may do

The number of Shares to which Eligible Shareholders are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) take up all of their Entitlement (refer to Section 5.3);
- (b) sell all of their Entitlement on ASX (refer to Section 5.4);
- (c) take up a proportion of their Entitlement and sell the balance on ASX (refer to Section 5.5);
- (d) take up a proportion of their Entitlement and allow the balance to lapse (refer to Section 5.6);
- (e) sell all or a proportion of their Entitlement other than on ASX (refer to Section 5.7); or
- (f) allow all or part of their Entitlement lapse (refer to Section 5.8).

5.3 Taking up all of your Entitlement

Should you wish to accept all of your Entitlement, then applications for Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the Application Monies indicated on the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed **“Not Negotiable”** and made payable to **“Ikwezi Mining Limited”** and lodged and received at any time after the issue of

this Prospectus and on or before 5:00pm (WST) on the Closing Date at the Company's Share Registry (by delivery or by post) at:

By Post Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001

If you wish to pay via BPAY® you must follow the personalised instructions in your Entitlement and Acceptance Form. Make sure that you use the specific Biller Code and unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form. You do not need to return a completed Entitlement and Acceptance Form but are taken to have made the declarations in the Entitlement and Acceptance Form and the representations outlined below in Section 5.9. If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same CRN for more than one of your Shareholdings. This can result in your Application Monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any application in respect of your remaining Shareholdings will not be valid).

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® are received by 2:00 pm (WST) on the Closing Date.

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

5.4 Selling all your Entitlement on ASX

The Entitlements under the Offer are renounceable which means that all or part of an Eligible Shareholder's rights to subscribe for Shares under the Offer may be traded on ASX. If you wish to sell all of your Entitlement on ASX, provide instructions to your stockbroker regarding the Entitlement you wish to sell on ASX. Trading of Entitlements will commence on ASX on 26 November 2018 and will cease on 3 December 2018.

There is no guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on ASX or that any particular price will be paid for the Entitlements sold on ASX.

5.5 Taking up a proportion of your Entitlement and selling the balance on ASX

If you wish to take up only part of your Entitlement, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in Section 5.3, or make a payment by BPAY in accordance with Section 5.11.

Subsequently, provide instructions to your stockbroker regarding the proportion of your Entitlement you wish to sell on ASX.

5.6 Taking up a proportion of your Entitlement and allowing the balance to lapse

If you wish to take up only part of your Entitlement and allow the balance to lapse, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in Section 5.3. If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up or selling that part of your Entitlement.

5.7 Selling all or a proportion of your Entitlement other than on ASX

You may elect to transfer all or a proportion of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder if they were a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased.

If you are a Shareholder on the issuer sponsored sub-register and you wish to transfer all or a proportion of your Entitlement to another person other than on ASX, forward a completed standard renunciation and transfer form (obtainable from the Share Registry) and the applicable transferee's cheque for the Shares they wish to subscribe for payable to **"Ikwezi Mining Limited"** and crossed **"Not Negotiable"** to the Share Registry (by delivery or by post at any time after the issue of this Prospectus and on or before 5:00pm (WST) on the Closing Date) at the following address:

By Post Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001

If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHESS sub-register you must engage your CHESS controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf. The Application Monies for Shares the transferee of the Entitlement wants to acquire must be received by Share Registry in accordance with Section 5.3.

5.8 Allow all or part of your Entitlement to lapse

Shareholders should be aware that their Entitlement may have value. Entitlements are renounceable, which enable Eligible Shareholders who do not wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement on ASX.

If you do not wish to accept or trade any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement or dispose of your Entitlement by the Closing Date, the Offer to you will lapse.

5.9 Implications of an acceptance

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

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and

- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the application may not be varied or withdrawn except as required by law.

5.10 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to **"Ikwezi Mining Limited"** and crossed **"Not Negotiable"**.

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

5.11 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 the representations outlined in Section 5.9; 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 2:00pm (WST) on the Closing Date. You should be aware that your financial institution may implement either 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.

5.12 Underwriting Agreement

The Company has entered into an underwriting agreement with Finevest Investments Limited (**Underwriter**) pursuant to which the Underwriter has agreed to take up the Shares not subscribed for by Eligible Shareholders under the Offer, including the Shortfall Offer.

Refer to Section 9.4 for the details of the terms of the underwriting.

5.13 Effect on control of the Company and potential dilution to Shareholders

The "takeover provisions" of the Corporations Act do not apply to the Company as it is an exempted company incorporated in Bermuda. A summary of the law applicable to the Company is summarised in Section 7.2.

As at the date of this Prospectus, the Underwriter does not hold any Shares in the Company. The Underwriter is presently a related party of:

- (a) Belvedere Mining Holdings Incorporated (**Belvedere**), the Company's largest Shareholder, which has a relevant interest in 382,968,750 Shares and an entity in which Mr Tushar Agrawal and Mr David Pile (both

Directors of the Company) hold an ultimate minority beneficial interest; and

- (b) Azure Projects Ltd which has a relevant interest in 341,700,368 Shares and is an entity in which Mr Tushar Agrawal has an ultimate minority beneficial interest; and
- (c) Chronos Investments Limited (**Chronos**), which has a relevant interest in 66,162,326 Shares and an entity in which Mr Tushar Agrawal has an ultimate minority beneficial interest.

Finevest Investments Limited, Belvedere, Chronos and Azure share common management and as a result, jointly hold a total relevant interest in 790,831,444 Shares.

Shares that are issued pursuant to the Underwriting Agreement will increase Finevest Investments Limited's voting power in the Company and will also increase Belvedere's, Azure's and Chronos's voting power as a consequence of these entities' relationships.

The Underwriter is not a related party of the Company for the purposes of the Corporations Act because the Company is a Bermuda incorporated company.

The Underwriter's present relevant interest and potential changes under several scenarios are set out in the table below and are based on the assumption that related parties to Finevest Investments Limited take up their full Entitlement under each scenario.

Event	Shares held by the Underwriter and related parties of the Underwriter ¹	Voting power of the Underwriter and related parties of the Underwriter
Date of Prospectus	790,831,444	77.82%
Completion of the Offer		
Fully subscribed	3,176,085,776	78.13%
95% subscribed	3,328,523,276	81.88%
90% subscribed	3,480,960,776	85.63%
80% subscribed	3,785,835,776	93.13%
0% subscribed	3,842,771,444	94.53%

Note:

1. Finevest Investments Limited holds an indirect relevant interest in 382,968,750 Shares through Belvedere, 341,700,368 Shares through Azure and 66,126,326 Shares through Chronos as at the date of the Prospectus.

The number of Shares held by Finevest Investments Limited and its related parties together with their voting power in the table above show the potential effect of the arrangements described above. However, it is unlikely that no Shareholders, other than the Underwriter's related parties, will take up entitlements under the Offer. The obligation to subscribe for Shares not taken up by the Shareholders and therefore voting power of Finevest Investments Limited and its related

parties will reduce by a corresponding amount for the amount of Entitlements under the Offer taken up by the other Shareholders.

In addition, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 74% (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 are 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	0.98%	30,000,000	10,000,000	0.25 %
Shareholder 2	5,000,000	0.49%	15,000,000	5,000,000	0.12 %
Shareholder 3	1,500,000	0.15%	4,500,000	1,500,000	0.04 %
Shareholder 4	400,000	0.04%	1,200,000	400,000	0.01 %
Shareholder 5	100,000	0.01%	300,000	100,000	0.00 %

Notes:

1. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are placed under the Shortfall Offer.

5.14 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. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.002 being the price at which Shares have been offered under the Offer.

The Directors in consultation with the Underwriter reserve the right to issue Shortfall Shares at their absolute discretion subject to the Listing Rules and any restrictions under any applicable law.

5.15 Nominee

DJ Carmichael Pty Limited (**Nominee**) has been appointed as the Company's nominee for foreign Shareholders for the purposes of ASX Listing Rule 7.7 for those foreign Shareholders who have been deemed ineligible to participate under the Offer. Please refer to Section 5.18 for further details in relation to restrictions placed on the Company in making offers to overseas Shareholders.

Pursuant to the arrangement with the Nominee, the Company will transfer to the Nominee the rights that would otherwise be issued to the foreign Shareholders who either accept the Offer or are otherwise entitled to acquire such rights under the Offer and the Nominee will then sell those rights and distribute any proceeds to the Company. The Company will then remit to each of those foreign Shareholders their proportion of the proceeds of the sale net of expenses.

The Company has agreed to pay the Nominee a management fee of \$5,000 (plus GST) for acting as nominee for the purpose of ASX Listing Rule 7.7 and brokerage of \$150 (plus GST) or 1% (plus GST) of the value of the sales executed, whichever is the greater.

5.16 ASX listing

Application for Official Quotation of the Shares 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 Shares 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 Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

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

5.17 Issue

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

Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis. 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 Shares 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 Shares 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 the Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

5.18 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, New Zealand, Bermuda, the Cayman Islands or the Turks and Caicos Islands.

This document does not constitute an offer of Entitlements or new Shares (**New Shares**) of the Company in any jurisdiction in which it would be unlawful. In

particular, this document may not be distributed to any person, and the Entitlements and New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

New Zealand

The Offer is being made in New Zealand pursuant to the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

Cayman Islands

No offer or invitation to subscribe for New Shares and the Entitlements may be made to the public in the Cayman Islands.

Turks and Caicos Islands

No offer or invitation to subscribe for New Shares and the Entitlements may be made to the public in the Turks and Caicos Islands.

Bermuda

The Company is not making any invitation to persons resident in Bermuda for exchange control purposes to subscribe for any securities.

ASX Listing Rule 7.7

Pursuant to ASX Listing Rule 7.7, the Company will appoint a nominee, DJ Carmichael Pty Limited, to sell the Entitlements to which Ineligible Shareholders are entitled. The Nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the relevant Ineligible Shareholders as described below.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the Nominee may sell Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

Neither the Company nor the Nominee will be subject to any liability for failure to sell the Entitlements or to sell them at a particular price. If, in the reasonable opinion of the Nominee, there is no viable market for the Entitlements of the Ineligible Shareholders, or a surplus over the expenses of the sale cannot be obtained the Entitlements that would have been offered to the Ineligible Shareholders, then those Entitlements will be allowed to lapse. The Shares not taken up will form part of the Shares to be taken up by the Underwriter pursuant to the Underwriting Agreement.

Shareholders resident in Australia, New Zealand, Bermuda, the Turks and Caicos Islands and the Cayman Islands holding Shares on behalf of persons who are

resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. 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.

5.19 Enquiries

Any questions concerning the Offer should be directed to David Pile, a Director of the Company, on +61 438 938 888.

6. PURPOSE AND EFFECT OF THE OFFER

6.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$6,097,500.

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

Item	Allocation	Full subscription (\$)	%
1.	Expenses of the Offer ¹	50,000	0.82
2.	Establishment of opencast mining operations and related infrastructure ²	470,000	7.71
3.	Corporate and mine overheads	210,000	3.44
4.	Repayment of short term loans ³	4,000,000	65.60
5.	Payment of interest due on short term loans ⁴	150,000	2.46
6.	General working capital ⁵	1,217,500	19.97
	TOTAL	\$6,097,500	100%

Notes:

1. Refer to Section 9.8 for further details relating to the estimated expenses of the Offer.
2. Including costs associated with the completion of the balance of the infrastructure relating to the Kliprand Colliery box cut to bring this into production together with certain plant and equipment for the operation of the crushing and screening plant that has been purchased by the Company.
3. The Company has entered into loan facilities totalling approximately \$4,000,000. These four loan facilities have all been provided to the Company by a related party, Osho SA Coal (Pty) Ltd, as announced on 30 April 2018, 31 July 2018, 27 September 2018 and 18 October 2018 respectively.

As at the end of June 2018, the full amount of approximately \$970,000 of the initial facility has been drawn down by the Company. To 30 September 2018, a total of approximately \$2,830,000 has been drawn down by the Company across the four facilities.

4. The four short term ZAR denominated loan facilities attract an interest rate of 10% p.a. on amounts drawn down. As at the end of October 2018 the interest due under these facilities totalled approximately \$150,000.
5. The general working capital is a general overall cash working capital buffer for the operation as it goes into production. Items that these funds may be used for include additional coal inventory (both in-pit and stockpiled), upgrading of site infrastructure as well as to provide additional operational liquidity in the event of any unforeseen operational requirements or delays.

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

6.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted, will be to:

- (a) increase the cash reserves by approximately \$6,042,500 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 1,016,250,000 as at the date of this Prospectus by 3,048,750,000 Shares, to 4,065,000,000 Shares.

6.3 Pro-forma statement of financial position

The unaudited statement of financial position as at 30 September 2018 and the unaudited pro-forma statement of financial position as at 30 September 2018 are shown below and 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 statement of financial position has been prepared assuming all Entitlements are accepted and including expenses of the Offer.

The pro-forma statement of financial position 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.

Statement of Financial Position	Pro Forma 3 Months ended 30 Sept 2018	3 Months ended 30 September 2018
Current Assets		
Cash and cash equivalents	3,414,235	195,964
Trade and other receivables	127,973	127,973
Other financial assets	660,238	660,238
Other current assets	76,764	76,764
Total current assets	4,279,209	1,060,938
Non-current assets		
Property Plant and Equipment	16,650,672	16,650,672
Total Assets	20,929,882	17,711,611
Current liabilities		
Trade and other payables	402,578	402,578
Short term borrowings	-	2,829,229
Other current liabilities	-	-
Current provisions	8,405	8,405
Total current liabilities	410,983	3,240,212
Non-current liabilities		
Non-current provisions	256,523	256,523
Total non-current liabilities	256,523	256,523
Total liabilities	667,506	3,496,735
Net Assets	20,262,375	14,214,875
Share capital	40,460,231	34,362,731
Reserves	(4,967,236)	(4,967,236)
Retained earnings	(11,935,611)	(11,885,611)
Equity attributable to owners of the Company	23,557,383	17,509,883
Non-controlling interests	(3,295,008)	(3,295,008)
Total Equity	20,262,375	14,214,875

term loan facility arrangements aggregating ZAR40,500,000 (approximately AUD4,000,000) with Osho SA Coal (Pty) Ltd (Osho), a related party. Each of the four facilities attracts an interest rate of 10% per annum on the amounts drawn down and have the following repayment dates.

1. ZAR 9.5 million with repayment due on or before 31 August 2019;
2. ZAR 10.0 million with repayment due on or before 30 September 2019;
3. ZAR 10.5 million with repayment due on or before 31 October 2019;
4. ZAR 10.5 million with repayment due on or before 30 November 2019.

As at 30 September 2018, ZAR28,800,000 (approximately AUD2,800,000) had been utilised by the Company.

Utilisation of funds to 30 September 2018	ZAR 000's	AUD 000's
Weighbridge, Steel workshops, modular buildings, office containers and water tanks	1,539	151
Site establishment, diesel tanks, fuel dispensing system, signage and Crushing and screening plant	6,783	662
Staff costs & Rehabilitation guarantee top up	1,654	162
Costs incurred in establishment of box cut that have been capitalised and will be amortised over the life of the box cut	18,829	1,842
Total	28,805	2,817

6.4 Impact on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, is set out below.

Shares

	Number
Shares currently on issue	1,016,250,000
Shares offered pursuant to the Offer	3,048,750,000
Total Shares on issue after completion of the Offer	4,065,000,000

The Company does not currently have any other securities on issue other than the Shares.

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

The capital structure on a fully diluted basis as at the date of this Prospectus would be 1,016,250,000 Shares and on completion of the Offer (assuming all Entitlements are accepted) would be 4,065,000,000 Shares.

6.5 Details of substantial holders

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

Shareholder	Shares	%
Belvedere Mining Holdings Incorporated	382,968,750	37.68%
Azure Projects Ltd.	341,700,368	33.62%
Chronos Investments Ltd.	66,162,326	6.51%

As stated in Section 5.13, Finevest Investments Limited is presently a related party of Belvedere, Azure and Chronos through common management of these entities. In the event not all Entitlements are accepted, Belvedere's, Azure's and Chronos's relevant interest in the Company will increase or decrease proportionally to the number of Shares taken up by the Underwriter pursuant to the Underwriting Agreement.

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

7. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to the 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.

7.1 Bye-laws

(a) Summary of the Bye-laws and Shares

The rights attaching to the Shares are:

- (i) set out in the Bye-laws; and
- (ii) in certain circumstances, regulated by the Bermuda Companies Act, the Listing Rules, the ASX Settlement Operating Rules and the general law.

The key provisions of the Bye-laws and the principal rights and obligations of Shareholders are summarised in this Section.

(b) Voting

At a general meeting, every Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands (unless the Shareholder appoints more than one proxy or attorney, in which case those proxies and/or attorneys may only vote on a poll and not on a show of hands) and one vote on a poll for each Share held (with adjusted voting rights for partly paid shares). Where there are two or more joint holders of a Share and more than one joint holder tenders a vote, the vote of the holder named first in the register who tenders the vote will be accepted to the exclusion of the votes of the other joint holders. Voting at any meeting of Shareholders is by a show of hands unless a poll is demanded (or required by ASX). A poll may be demanded by at least three Shareholders entitled to vote at the meeting, Shareholders with not less than one tenth of the votes that may be cast at the meeting, or the Chairman. If votes are equal on a proposed resolution, the Chairman has a second or casting vote, in addition to any other vote he may have, on either a show of hands or a poll.

(c) Dividends

Subject to the Bermuda Companies Act and the Bye-laws, the Board may from time to time declare a dividend or such other distributions (in cash or in specie) to be paid to Shareholders as may be lawfully made out of the assets of the Company.

Subject to the rights attaching to Shares or their terms of issue, all dividends will be declared and paid according to the amounts paid up on the Shares in respect of which the dividend is paid. All dividends will be apportioned and paid pro rata according to the amounts paid up

on the Shares during any portion or portions of the period in respect of which the dividend is paid.

(d) **Share capital**

The authorised share capital of the Company is currently A\$9,000,000 divided into 9,000,000,000 Shares with a par value of A\$0.001 each, of which 1,016,250,000 Shares have been issued at the date of this Prospectus. A further 3,048,750,000 Shares will be issued on completion of the Offer increasing the total issued Shares to 4,065,000,000.

(e) **Issue of further Shares**

Subject to the Bye-laws, the Listing Rules and the Bermuda Companies Act, the Board may issue, grant options in respect of, or otherwise dispose of unissued Shares on terms and conditions (including preferential, deferred or special rights, privileges or conditions or restrictions) as they see fit, but so that no Shares are issued at a discount to the par value of A\$0.001 each.

(f) **Variation of class rights**

Subject to the Bermuda Companies Act and their terms of issue, the rights attaching to any class of shares may be varied with the written consent in writing of 75% in nominal value of the issued shares of the relevant class of shares, or by a special resolution passed at a separate meeting of the holders of shares of that class.

The creation or issue of further shares ranking equally with a class of shares already on issue is not a variation of class rights.

(g) **Transfer of shares**

Subject to the Bye-laws, Shareholders may transfer Shares by a written instrument of transfer in the usual or common form or any form approved by the Board or by a proper transfer effected in accordance with the ASX Settlement Operating Rules and ASX requirements. All transfers must comply with the Listing Rules and the ASX Settlement Operating Rules.

The Board may refuse to register a transfer of Shares, including in circumstances permitted by the Listing Rules. The Board must refuse to register a transfer of shares where required to do so by the Listing Rules or the ASX Settlement Operating Rules. The Board may suspend the registration of a transfer at any time, and for any period, as permitted by the Bermuda Companies Act, the Listing Rules and the ASX Settlement Operating Rules.

The Company may purchase its own shares for cancellation or acquire them as treasury shares in accordance with the Bermuda Companies Act on such terms as the Board thinks fit.

(h) **General meeting and notices**

Subject to the Bermuda Companies Act and the Listing Rules, Shareholders are entitled to receive notice of, attend and vote at general meetings of the Company and to receive notices, accounts and other documents required to be sent to members under the Bye-

laws or the Bermuda Companies Act. An annual general meeting and any special general meeting at which the passing of a special resolution is to be considered shall be called by no less than 21 days notice. At least 14 days notice of a meeting must be given to Shareholders in all other special general meetings. A general meeting may be called in certain other circumstances by shorter notice if so agreed.

(i) ***Winding up***

Subject to the Bye-laws and any special resolution or preferential rights attaching to any class or classes of shares, Shareholders will be entitled on a winding up to share in any surplus assets of the Company in proportion to the Shares held by them.

(j) ***Directors – appointment and retirement***

The minimum number of Directors is three and the maximum is to be fixed by the Directors but may not be more than nine unless Shareholders pass a resolution varying the number. Directors are elected at the annual general meetings of the Company.

Retirement will occur on a rotational basis so that one third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) must retire from office, provided that a Director must retire at the third annual general meeting of the Company after the Director was elected or last re-elected. This does not apply to the Managing Director.

The Directors may also appoint a Director to fill a casual vacancy on the Board or, if authorised by the Shareholders, in addition to the existing Directors, who will then hold office until the next annual general meeting of the Company.

(k) ***Directors – voting***

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of any equality of votes the chairman of the meeting shall have an additional or casting vote.

(l) ***Directors – remuneration***

The ordinary remuneration of the Directors shall from time to time be determined as the Board decides, but the total amount provided to all Directors, other than the Managing Director and any Executive Director, for their services as Directors shall not exceed in aggregate in any financial year the amount fixed by the Company in general meeting. The current maximum aggregate sum approved by Shareholders is A\$500,000 per annum. Any change to that aggregate sum needs to be approved by Shareholders in accordance with the Bye-laws.

The Bye-laws also provide that the Company is to pay all expenses of Directors reasonably incurred in attending meetings and carrying out their duties. Remuneration of the Managing Director or an Executive Director shall be the amount that the Directors decide. The Company may also pay a Director extra remuneration if, in the opinion of the

Board, the Director performs services which go beyond the ordinary duties of a Director.

A Director appointed to be Managing Director (or a person holding an equivalent position, or a deputy or joint managing director position) or to hold any other employment or executive office with the Company may receive such remuneration and such other benefits and allowances as the Board may from time to time determine, either in addition to or in lieu of their remuneration as a Director.

(m) ***Powers and duties of Directors***

The Board may exercise all powers of the Company that are not expressly required by the Bermuda Companies Act, any other applicable law of Bermuda or the Bye-laws to be exercised by the Company in general meeting.

(n) ***Capitalisation of profits***

Subject to the Bermuda Companies Act, the Bye-laws, the Listing Rules, any rights or restrictions attached to any shares or class of shares and any resolution of the Company, upon the recommendation of the Board, the Company may capitalise and distribute profits or other amounts available for distribution among those Shareholders who would be entitled to receive dividends and in the same proportions.

(o) ***Alteration of share capital***

Subject to the Bermuda Companies Act, the Listing Rules and the Bye-laws, the Company may alter its share capital.

(p) ***Preference shares***

The Company may, subject to the Bermuda Companies Act, issue preference shares including preference shares which are liable to be redeemed or convertible to ordinary shares. The rights attaching to preference shares are those set out in the Bye-laws.

(q) ***Directors' and officers' indemnity and insurance***

The Company indemnifies each of the Directors, secretary and other officers and every auditor for the time being of the Company from and against all actions, costs, charges, losses, damages and expenses (including legal expenses) which any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, or in their respective offices or trusts. The indemnity does not extend to any matter in respect of any fraud or dishonesty which may attach to any of the indemnified persons.

To the extent permitted by the Bermuda Companies Act, the Company may pay or agree to pay a premium for a contract insuring the Directors, the company secretary and other officers of the Company against legal costs and a liability incurred by that person as an officer of the Company (or of a subsidiary of the Company).

To the extent permitted by the Bermuda Companies Act, the Company may enter into an agreement or deed with a Director, secretary or other

officer of the Company or a person who is, or has been, an officer of a subsidiary, under which the Company must do all or any of the following:

- (i) keep books of the Company and allow either (or both) that person and that person's advisers access to such books on the terms agreed;
- (ii) indemnify that person against any liability incurred by that person as an officer of the Company or an officer of a subsidiary of the Company;
- (iii) make a payment (whether by way of advance, loan or otherwise) to that person in respect of costs, charges and expenses incurred by that person in defending any civil or criminal proceedings against him, on the condition that he shall repay the amount of the payment if any allegation of fraud or dishonesty is proved against him in such civil or criminal proceeding; and
- (iv) keep that person insured in respect of any act or omission by that person while an officer of the Company or an officer of a subsidiary of the Company, on the terms agreed (including as to payment of all or part of the premium for the contract of insurance).

(r) **Amendment**

No Bye-law shall be rescinded, altered or amended and no new Bye-law shall be made until the same has been approved by a resolution of the Board and confirmed by a special resolution of the members. A special resolution shall be required to alter the provisions of the memorandum of association or to change the name of the Company.

7.2 **Applicable company law summary**

As the Company is incorporated in Bermuda, the Company operates subject to Bermuda law and, in particular, is not subject to certain aspects of Australian company law. The Company has been designated by the Bermuda Monetary Authority as non-resident for Bermuda exchange control purposes.

Set out below is a table summarising some of the key differences between Australian and Bermuda company laws as they apply to the Company, covering the following areas:

- share capital;
- membership;
- financial assistance for the acquisition of shares in a company or its holding company;
- purchase of shares and warrants by a company and its subsidiaries;
- takeovers;
- dividends and distributions;

- protection of minorities;
- management;
- accounting and auditing requirements and auditors;
- exchange control;
- taxation and stamp duty;
- loans to directors;
- inspection of corporate records; and
- winding up.

It is important to note that neither summary purports to be a complete review of all matters of Bermuda company law and taxation or highlight all provisions that may differ from equivalent provisions in Australia.

Table 1: Key differences between Australian and Bermuda company laws

Category of law	Australia	Bermuda
Takeovers	Substantial holder notice requirements and 20% stop rule. Compulsory acquisition permitted by holders of 90% or more of shares.	No equivalent substantial holder notice or 20% stop rule provisions. ¹ Compulsory acquisition permitted: <ul style="list-style-type: none"> • where a scheme or contract involving the transfer of shares in a company to another company (in this item referred to as 'transferee company'), has, within four months after the making of the offer in that behalf by the transferee company, been approved by the holders of not less than 90% in value of the shares whose transfer is involved, other than shares already held at the date of the offer by, or by a nominee for, the transferee company or its subsidiary; and • by holders of 95% or more of shares.
Directors' duties	The Corporations Act contains a number of statutory duties which are imposed on directors, including the duty of due care and diligence, good faith and avoidance of improper use of position or information. In addition, the Corporations Act obligations will apply	The Bermuda Companies Act provides for comparable duties, being to act honestly and in good faith with a view to the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

¹ The Company may be required to disclose changes in substantial holdings of which it is aware in accordance with its continuous disclosure obligations under the Corporations Act and ASX listing rules.

Category of law	Australia	Bermuda
	<p>where the act or omission of the director or officer occurs in connection with:</p> <ul style="list-style-type: none"> the Company carrying on business in Australia; an act that the Company does, or proposes to do, in Australia; or a decision by the Company whether or not to do, or refrain from doing, an act in Australia. <p>Having regard to the Company's business, these requirements may not always be applicable.</p>	
Financial assistance/ self-acquisition	Financial assistance and self-acquisition of Shares in the Company or its holding company are prohibited subject to limited exception.	<p>Comparable Bermuda provisions no longer exist in relation to financial assistance.</p> <p>An acquisition of Shares in the Company or its holding company is allowed subject to certain conditions.</p> <p>The Bye-laws state that neither the Company nor any of its subsidiaries shall give, whether directly or indirectly, any financial assistance for the purpose of acquisition or proposed acquisition by any person of any Shares in the Company.</p>
Protection of minorities	<p>The Corporations Act has various provisions allowing for application for a court order for oppressive conduct of a company's affairs, allowing for derivative actions and permitting the inspection of a company's books.</p> <p>A winding up may also be sought on just and equitable grounds.</p>	<p>Bermuda law has comparably wide statutory oppression and just and equitable winding up actions.</p> <p>Class actions and derivative actions are, in some circumstances, available to members under Bermuda law.</p>
Related party transactions	The Corporations Act regulates the provision of financial benefits to related parties of 'public companies'.	<p>The Bermuda Companies Act prohibits certain loans to its directors but otherwise does not contain provisions to this effect.</p> <p>The Company is required to comply with the requirements of the ASX Listing Rules and Corporations Act in respect of related party transactions.</p>
Filing of documents/access to information	<p>The Corporations Act requires a corporation to file various documents with ASIC, including its accounts and notification of changes to its constitution (or bye-laws in the case of the Company). Documents filed with ASIC are available to the public.</p> <p>The Corporations Act also provides for a statutory right</p>	<p>The Bermuda Companies Act requires a company to file certain documents with the Bermuda Registrar of Companies, including an increase in authorised share capital, a company's memorandum of association (including its objects and powers) and any alteration thereto and certain provisions of its Bye-laws. Members of the general public have the right to inspect the public</p>

Category of law	Australia	Bermuda
	<p>to apply to a court for an order permitting the member to inspect the books of a company.</p> <p>Although the Company is required to comply with the Australian obligations, and may also be required to disclose such information to ASX under continuous disclosure, the Company is not subject to orders under the Corporations Act permitting a member to inspect its books.</p>	<p>documents of a company available at the office of the Bermuda Registrar of Companies which will include the company's certificate of incorporation, its memorandum of association (including its objects and powers) and any alteration to the company's memorandum of association.</p> <p>Members of a company have the right to inspect the bye-laws of the company, the minutes of general meetings and the company's audited financial statements, which must be presented to the annual general meeting unless the requirement to lay financial statements and the auditor's report thereof is waived by all the members and all the directors of the Company. The register of members of a company shall during business hours (subject to such reasonable restrictions as the company may impose so that not less than two hours in each day be allowed for inspection) be open for inspection by members of the general public without charge.</p>
Notice of meetings	The Corporations Act requires at least 28 days' notice of a general meeting of a listed company.	The Bermuda Companies Act requires at least five days' notice of a general meeting. The Bye-laws state that an annual general meeting and any special general meeting at which the passing of a special resolution is to be considered shall be called by no less than 21 days' notice. In addition, at least 14 days' notice must be given in all other special general meetings. Pursuant to the Bye-laws general meetings may be called in certain other circumstances by shorter notice if so agreed.
Removal of directors	The Corporations Act contains various provisions regarding resignation, removal and retirement of directors. The Corporations Act provides that a director may be removed by resolution at a general meeting, subject to the company receiving at least two months' notice of the intention to move the resolution and the company notifying the relevant director as soon as possible after receiving notice of that intention.	The Bermuda Companies Act provides that, subject to a company's bye-laws, the members of a company may, at a special general meeting called for that purpose, remove a director. Notice of such meeting must be served on the director at least 14 days before the meeting, and he shall be entitled to be heard at the meeting.

Where it is noted that Bermuda company law contains comparable provisions to those existing under Australian law, it is emphasised that the summary table only

attempts to provide general guidance, and that the detailed provisions may contain differences (including as to the availability of the cause of action) and may also be subject to differing interpretation by Australian and Bermuda courts.

8. RISK FACTORS

8.1 Introduction

The Shares 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 Shares pursuant to this Prospectus.

There are a number of factors, both specific to the Company and of a general nature, which may, either individually or in combination, have a material adverse effect on:

- (a) the Company's ability to effectively implement our strategy;
- (b) the Company's operating and financial performance and financial position; our prospects;
- (c) the Company's potential ability to pay dividends in the future; and
- (d) the value of the Shares.

Many of the circumstances giving rise to these risks are beyond our control or the control of our Directors and management. There can be no guarantee that we will achieve our stated objectives or that any forward-looking statements will eventuate.

By their nature, investments in pre-production mining ventures are subject to numerous risks and you should consider that an investment in the Company is speculative.

This Section 8 describes certain specific areas that are believed to be the major risks associated with an investment in the Company.

8.2 General, Industry and Company specific risks

(a) Potential for significant dilution

Upon implementation of the Offer, assuming all Entitlements are accepted the number of Shares in the Company will increase from 1,016,250,000 Shares currently on issue to 4,065,000,000. 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 \$0.003 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

(b) Our plans may not be achieved

The Company currently has no commercial operations but has progressed the development of our Kliprand Colliery which forms part of

the Newcastle Project of the Company (formerly called the Ntendeka Colliery). As such, an investment in the Company is highly speculative in nature. The Company has no operating history upon which an evaluation of our future success or failure can be made. The Company intends to use a large proportion of the net proceeds from the Offer to pay off the unsecured borrowings obtained as a bridge finance to support the development of the opencast mining operations at the Kliprand Colliery, from which the Company expects to initially depend on for substantially all of our operating revenues and cash flows. As a result of these, as well as the additional risks identified below and elsewhere in this Prospectus, the Company may not commence mining operations in a commercially viable manner or develop any coal mine(s) as planned at all.

The remaining development work to bring the Kliprand Colliery into production requires working capital and experienced personnel. While members of our Board of Directors and our senior management have experience in mining projects, the Company is implementing its first mining project. The Company will, therefore, be subject to all the risks inherent in the establishment of new mining projects and bringing these into production.

(c) **Development of the Projects**

The Company's future profitability will depend on its ability to perform mining activities in a commercially viable manner, and the economic returns and the costs of developing the Kliprand Colliery, may differ significantly from the current estimates produced by the Company.

There are a number of uncertainties inherent in the development and construction of any new mine and processing facility and performing mining activities in a commercially viable manner. In addition to those discussed above, these uncertainties include the:

- (i) timing and cost, which can be considerable, of the construction of mining and processing facilities;
- (ii) availability and cost of skilled labour, power, water and transportation facilities;
- (iii) need to obtain necessary environmental and other governmental permits and the timing of those permits and any additional permits as required from time to time;
- (iv) managing community, local and central Government expectations and issues as and when they arise.
- (v) development activities.
- (vi) In relation to the Newcastle Project, and Kliprand Colliery specifically, while the Company has conducted studies and progressed a number of matters for furthering mining activities in the Kliprand Colliery, the following should ideally occur before it commences production at the project.
- (vii) the execution of an agreement with offtake partner(s) on volumes and price which will enable the Company to operate

profitably should the proposed strategy of the Company to enter into spot trades not work out to be profitable;

- (viii) the execution of an agreement on the use and lease of a third party rail siding or, alternatively, the construction of a siding located at Ngagane in the Kwa-Zulu Natal province;
- (ix) the timely entry into an agreement(s) with Transnet Freight Rail (TFR) for rail capacity and the operators of the Port of Durban and/or Richards Bay (as the case may be) or, alternatively, with offtake partner(s) and/or third parties to obtain rail and or port allocation for the export of coal product from the Kliprand Colliery;
- (x) completion of consultation and agreement with landowners and local community on compensation and related issues to expand the initial planned operations;
- (xi) completion of construction of the remaining mining infrastructure, and possibly rail siding (depending on the outcome of discussions with third parties), in a timely way.

Alternatively, arrangements will need to be put in place with a third party / parties which negates certain of these requirements. For example, the Company could sell coal to third parties on a Free on Truck (**FOT**) basis which would negate certain of these requirements or, alternatively, enter into agreements with companies that have sidings / rail and port contracts in place that the Company could utilise in the interim.

Mining operations at the Newcastle Project / Kliprand Colliery could experience unexpected problems and delays during development, construction and mine start-up. In addition, delays in the commencement of mineral production could occur. Finally, operating cost and capital expenditure estimates could fluctuate considerably as a result of changes in the prices of commodities consumed in the construction and operation of the Projects. Accordingly, the development of our Newcastle Project and specifically, the Kliprand Colliery, may be less profitable than currently anticipated or may not be profitable at all.

(d) **Coal marketability and price**

The characteristics of the Company's coal product will impact on its marketability and the price we can obtain for it. As is typical for coal produced from the Kwa-Zulu Natal region, sulphur levels are elevated and a proportion of coal is of lower volatility. In particular, the Newcastle Project / Kliprand Colliery is expected to produce a proportion of low volatile coal product, which will require specialized marketing and is unable to be sold via common-user stockpiles at the various ports. The initial operations at the Kliprand Colliery are planning to produce and sell unwashed coal that has been crushed and screened. The product as a result may exhibit much higher variations in quality (due to the fact that it is not being washed or blended) and as a result will likely require specialised marketing. There is a risk that some or all of the coal we produce may not be able to be sold or, if it is able to be sold, sold at a discounted price compared to the market price.

Further, as all of our potential revenues will be derived from the sale of coal, the Company's future earnings will be closely related to the price of coal generally. Coal prices are volatile and may fluctuate as a result of numerous factors, such as:

- (i) energy demand, particularly from developing nations;
- (ii) global macroeconomic conditions;
- (iii) global supply / demand for thermal coal;
- (iv) impact of legislation regarding the use of coal and coal quality restrictions by certain countries;
- (v) changes in production costs in major coal producing regions;
- (vi) fluctuation in oil prices;
- (vii) transportation costs; and
- (viii) the volume of coal able to be exported from other producing countries, including the impact of any restrictions or tariffs those countries may impose on exports.

All of these factors are beyond our control and accordingly it is impossible for us to predict future movements in coal prices.

Import restrictions in a number of markets, for example China and Turkey, restrict the import of coal that does not meet certain minimum qualities or specifications. This may impact the ability of coal produced by the Company to be sold to certain of these markets.

The number of purchasers of coal from the Newcastle Project / Kliprand Colliery will initially be limited to those that have the requisite logistics operations in place until such stage as the Company is able to acquire its own siding, rail and port allocation. This could reduce the Company's leverage in price negotiations and negatively impact sales prices achieved / impact on its ability to sell coal mined.

A sustained decline in coal price levels could also halt or delay the development of the Projects, result in the deferral or cessation of mining activities and reduce funds available for further exploration or development activities.

(e) **Dependence on key personnel**

Our success depends on the continued services of our key personnel including our Board of Directors. Due to our management's experience and the important role they have taken in developing our business and financial plans, we could be adversely affected if any of them ceased to actively participate in our management or left us entirely. As there may be a limited number of persons with the requisite experience and skills to serve in our senior management positions if existing management leave us, we may not be able to locate or employ qualified executives on acceptable terms. We do not currently maintain "key person" insurance. If the Company cannot attract, train and retain qualified managers, we may be unable to successfully manage our growth plans.

(f) **Dependence on external contractors**

We intend to outsource substantial parts of our exploration, development, mining, and logistics activities pursuant to service contracts with third-party contractors. This may also include coal washing in the future. Such contractors may have economic or other interests or goals that are inconsistent with our interests or goals or may be unable or unwilling to fulfil their obligations or comply with our instructions or requests. Their performance may be constrained by labour disputes or actions, shortages in the supply of equipment, facilities, services, materials or supplies or damage to or failure of plants, equipment or machinery or financial liquidity. In the event of such problems, we may not be able to find a suitable replacement contractor within a reasonable time, or at all, and our business and results of operations would be materially and adversely affected. We may not be able to control the quality, safety and environmental standards of work done by third-party contractors to the same extent as when work is performed by our own employees.

(g) **On-going capital requirements**

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.

(h) **Exploration**

Exploration is an inherently speculative endeavour and there can be no assurance that commercial quantities of ore remain to be discovered at Newcastle Project/Kliprand Colliery. In addition, explorative efforts can be hampered by the unpredictable nature of mineral deposits, inappropriate drilling techniques, incorrect grade estimates, unforeseen and adverse ground conditions, inclement weather, poor equipment availability and cost overruns from unforeseen events. If the Company is unable to identify sufficient Resources, or convert these Resources into Reserves, the Company may not be able maintain mining operations.

(i) **Mining Rights**

Holders of Mining Rights must comply with the terms and conditions of the MPRDA relating to their rights together with the terms and conditions contained within the rights themselves and failure to comply with such obligations may cause suspension or cancellation of the Mining Right, as the case may be.

There is no guarantee that Mining Rights will be renewed in accordance with the renewal provisions set out in the MPRDA relating to renewals of Mining Rights.

There are certain criteria that have to be fulfilled on an ongoing basis and the Minister has an element of discretion in determining whether such requirements have been fulfilled by the applicant.

(j) **Licences, permits and approvals**

Mining companies must obtain numerous licences, permits and approvals issued by various South African governmental agencies and regulatory bodies that regulate operational, environmental and safety matters in connection with mining in South Africa. The applicable rules and regulations are complex and may change over time. There is a risk that any additional licences, permits and approvals that may be required will not be granted / may be granted on terms not satisfactory to us, or may be granted but not within the timeframes we anticipate.

(k) **Water supply**

Water supply for the Newcastle Project / Kliprand Colliery will be sourced from individual locations. We have applied for and been granted a water use license for the Newcastle Project which includes the Kliprand Colliery. Any changes to the areas included in the application for a water use license to be mined requires an amendment to the water use license.

The process for obtaining water use licences and amendments thereto from the relevant governmental authorities can be lengthy and the Company's operations may be adversely affected in the event that the relevant licences are not obtained in a timely fashion. Delays in any amendments to the water use license for the Newcastle Project could negatively affect the ability of the operation to mine certain areas in accordance with plans which could impact the Company and any future projects. In addition, lack of availability of water can affect the ability of the coal wash plant to operate.

(l) **Black Economic Empowerment**

The MPRDA contains provisions setting out empowerment objectives, which are aimed at the economic empowerment of Historically Disadvantaged South Africans (**HDSAs**) in South Africa. One of the requirements which must be met before the issue of a Prospecting Right or Mining Right is that an applicant must facilitate the participation by HDSAs in the prospecting and mining operations which result from the granting of the prospecting and mining rights. Under the Mining Charter, which was published to give substance and guidance to the empowerment provisions set out in the MPRDA as read with a clarification document issued in 2004, applicants must be able to demonstrate that they have an equity participation in a prospecting or mining venture of at least 26%.

The Mining Charter also includes provisions relating to skills development, procurement from HDSA companies, social upliftment and beneficiation. Our licence, permit and regulatory consent applications for any exploration and mining activities will need to comply with the Mining Charter provisions which may impose an additional cost burden on the Company.

The current Mining Charter is under review by the South African Government. Any changes to the Mining Charter, the MRPDA or related

legislation may adversely affect the Company, its cost and or ownership structure and / or its ability to commence mining or continue mining as the case may be.

The Black Economic Empowerment (**BEE**) requirements in the South Africa mining industry arise from the equality provisions of the MPRDA.

The Department of Mineral Resources (**DMR**) has published and implemented the Broad Based Socio-Economic Empowerment Charter, September 2010 (**Mining Charter**) which is applicable to all mining companies operating within South Africa. The Mining Charter aims at facilitating participation of historically disadvantaged South Africans (HDSA) in the mining and minerals industry by providing specific targets that must be met by 2014 in order to effect complete transformation and promote sustainable development and growth of the industry. HDSA are defined as "any person, category of persons or community, disadvantaged by unfair discrimination" on the basis of race, gender or disability and includes females generally as well as Black, Indian, Chinese and Coloured people.

The most significant element of the Mining Charter is the ownership requirement which stipulate that mines must commit to obtaining 26% effective ownership (the meaningful participation of HDSA's in the ownership, voting rights, economic interest and management control of mining entities) by 2014.

The Mining Charter also requires that a Mining Right holder procures a minimum of 40% of its capital goods, 50% of its consumer goods and 70% of its services from BEE entities (an entity of which a minimum of 25% + 1 vote of share capital is directly owned by HDSA's). Further, Mining Right holders need to ensure that all multinational suppliers of capital goods contribute 0.5% of the supplier's annual income into a social development fund in order to promote the socio-economic development of local communities.

In furtherance of employment equity targets, Mining Right holders must reach 40% HDSA representation at all levels of management and core skills by no later than 2014.

A Mining Right holder is also required to invest at least 5% of its annual payroll in essential skills development activities reflective of the demographics. The holder should also, in consultation with organised labour, facilitate the home ownership options of all mineworkers. A Mining Right must also implement policies on sustainable development commitments which cover aspects such as the improvement of environmental management as well as health and safety performance.

In order to ensure that Mining Right holders adhere to the provisions of the Mining Charter, the MPRDA requires all such holders to report their level of compliance on an annual basis. To this extent, the DMR has also published a mining scorecard which provides a framework for measuring compliance with the Mining Charter. The scorecard measures three core elements: (1) direct empowerment through ownership and control of enterprises and assets; (2) human resource development and employment equity; and (3) indirect empowerment through preferential procurement and enterprise development.

Non-compliance with any of the above provisions of the Mining Charter shall render the Mining Right holder in breach of the MPRDA which may attract strict consequences such as the suspension or cancellation of the relevant Prospecting Right or Mining Right.

On 27 September 2018, subsequent to the Companies year end, the South African Government gazetted the "Broad-Based Socio- Economic Empowerment Charter for the Mining and Minerals Industry, 2018 (Mining Charter, 2018). The Mining Charter, 2018 must be read together with the implementation guidelines that are to be published within two months of 27 September 2018. As at the date of this Prospectus, the guidelines are as yet to be published. The revised Mining Charter, 2018 introduces some additional requirements into the legislation regarding the various criteria that will need to be met by the Company going forward. The impact of these additional requirements, if any, are as yet to be determined by the Company. The Company will only be in a position to fully evaluate these once the implementation guidelines have been published. In addition, the additional requirements of the Mining Charter, 2018 together with the guidelines may have an impact on the structure of the business and impact on the costs to run and operate it that may result in it being commercially unviable.

(m) **Operations**

Coal mining is susceptible to numerous events that may have an adverse impact on our ability to extract coal. Events that may have an adverse impact on our mining operations include (but are not limited to) inclement weather conditions, seismic activity and other natural disasters; unexpected maintenance or technical problems; failure of key equipment; electrical power interruptions, labour and/or civil unrest, environmental hazards (including discharge of gas, pollutants or hazardous chemicals), increased or unexpected reclamation costs; safety related stoppages, ingresses of water, failure of mining pit slopes, water dams and waste stockpiles and interruptions due to transportation delays.

Other difficulties may arise as a result of variations in mining conditions from those projected from drilling, such as variations in coal seam thickness and quality, variations in the strip ratio, variations in rock and other natural materials and other variations in geological conditions. The occurrence of any of these events may result in higher operating and maintenance costs and/or ongoing unplanned capital expenditure than expected to meet coal production targets, which would have a material adverse impact on our operational results and its financial position.

(n) **Electricity Supply**

The major producer and distributor of electricity in South Africa is the State-owned utility, Eskom, which provides the majority of the country's energy usage. Problems with electrical generating capacity has historically led to, and may continue to lead to, lack of supply capability, load shedding and rolling blackouts, which may impact our future production potential and operating costs if the Company is not able to source electricity supply from Eskom or other suppliers. We may consider obtaining electricity supply from other suppliers, including suppliers of electricity generation equipment. However, there is no guarantee we will be able to do so.

(o) **Environment**

Mining operations have inherent risks and liabilities associated with pollution of the environment and the disposal of waste products. Laws and regulations involving the protection and remediation of the environment and the government policies for implementation of such laws and regulations are constantly changing and are generally becoming more restrictive. If our environmental compliance obligations alter as a result of changes in laws and regulations, or in certain assumptions we make to estimate liabilities, or if unanticipated conditions arise at our operations, our expenses and provisions would increase. If material, these expenses and provisions could adversely affect our results and financial condition.

Our operations may cause exposure to hazardous materials. Our operations will generate waste product. Mining operations can also impact flows and water quality in surface water bodies and remedial measures may be required, such as bunding of stream beds, to prevent or minimise such impacts.

The holder of a Mining Right must comply with its approved Environmental Management Plan (**EMPR**). Failure to comply with the requirements and undertakings set out in an approved EMPR may lead to suspension or cancellation of the Mining Right.

Despite our best intentions and best efforts, there remains a risk that environmental and/or community incidents may occur that may negatively impact our reputation or licence to operate.

(p) **Environmental standards and greenhouse gas emissions**

Coal can contain impurities, including sulphur, mercury, chlorine and other elements and compounds, many of which are released into the air when coal is burned. Stricter environmental regulations of emissions from coal-fired electricity generation plants and other industrial plants could increase the costs of using coal, thereby reducing demand for coal as a fuel source and adversely affect our coal sales and coal prices. This could materially and adversely affect our business, financial condition, results of operations and prospects.

(q) **Production and capital costs**

Our business, results of operations and financial condition may vary with fluctuations in production and capital costs. Our main production expenses are expected to be contractor and logistics costs, employee costs, diesel/fuel and materials including explosives and other mining and processing consumables, and its main capital costs will be the development capital expenditure for the Newcastle Project / Kliprand Colliery. Some of these costs will be incurred by contractors, rather than directly, and reflected in the fees we must pay our contractors. Changes in the costs of our mining and processing operations as well as its capital costs could occur as a result of unforeseen events, including international and local economic and political events (including movement in exchange rates), and could result in changes in Resource and Reserve estimates. Many of these factors may be beyond our control. In addition, some of the capital cost estimates are based on conceptual engineering design and there may be a material change to the estimates once a definitive feasibility study has been completed.

(r) **Exchange rates**

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.

Appreciation of the South African rand against the US dollar, without offsetting improvement in US dollar denominated international thermal coal prices, could adversely affect our margins and profitability as well as our competitiveness with coal exporters in other countries.

Further because our financial statements are in Australian dollars, appreciation of the Australian dollar against the US dollar, or appreciation of the South African rand against the Australian dollar, without offsetting improvement in US dollar denominated coal prices or offsetting reductions in South African rand denominated operating expenses, could adversely affect our reported profitability and financial position.

(s) **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) geopolitical risks, 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.

(t) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and, to the extent dividends may be paid under applicable laws, 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.

(u) **Taxation**

Any change in laws and regulations applicable to the taxation of income, intercompany transactions, withholding taxes, levies and other

transactional taxes affecting us in the countries in which we operate or are ultimately listed, or any change in the current interpretation or any disputes with tax authorities or any changes to our income mix, could adversely affect our tax status and increase our tax payable, which could have a negative impact on our financial results.

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.

(v) **Local community relations, compensation and relocation**

All interested and affected parties, including landowners and occupiers, must be consulted in relation to a Mining Right application and the environmental management programme the subject of the EMPR and the legitimate concerns and interests of such parties must be considered in the grant and approval of the Mining Right and concomitant environmental management programme. Such legitimate concerns, in order to be accommodated, may result in mining becoming more costly and result in potential sterilisation of certain parts of our Resources. The holder of a Mining Right must compensate landowners or occupiers for any relocations required as a result of the mining activities and / or any actual loss or damage suffered by such landowners or occupiers as a result of the mining activities. This includes the relocation of any graves within the mining areas or items of historical significance. This may add a considerable cost onto the costs of mining as well as result in delays to the mining or result on the Company not being able to mine certain areas. Furthermore, affected parties may be dissatisfied with the way we address and accommodate their concerns and commence legal proceedings against us, which may cause delays to our proposed development plans and operations. As an example, whilst resolved, delays were experienced to the start-up of the initial opencast mining area as a result of certain households resisting relocation to areas outside of the proposed mining area.

(w) **Availability and cost of mining equipment and skilled labour**

Increases in worldwide mining activities may create cost pressures for services and skilled personnel in the coal industry, which may affect our ability to purchase or hire equipment, supplies and services and to recruit skilled contractors and personnel. In addition, the availability of drilling rigs and other mining equipment and services is affected by the level and location of mining activity around the world. An increase in mining activity in South Africa may reduce the availability of equipment and services to us. In addition, due to the increased demand for most mineral commodities experienced recently, there has been significant demand for many mining and processing inputs, which has resulted in shortages, as well as longer lead times for delivery and increases in pricing, of mining equipment and plant, strategic spares and critical consumables. The reduced availability of equipment, services and skilled personnel may delay our planned exploration, development and

production activities, which may adversely affect our operations and increase costs which may not be met with the funds to be raised and allocated under the Offer. A shortage of skilled labour in South Africa regional mining industry could result in us having insufficient employees or contractors to operate our business, which could adversely affect us, our results of operations and financial condition.

(x) **Industrial action**

We and contractors we engage to work at our Projects may face labour disruptions, including strikes, work stoppages and other industrial actions, possibly for a significant period of time that interfere with our development plans and operations.

If and when we commence mine development and operations, we expect a number of our employees and the employees of our contractors to be members of unions. We may need to negotiate and enter into wage settlement agreements with them. If we were unable to renew those wage settlement agreements or negotiate favourable terms, our development plans and operations could be adversely affected or delayed.

(y) **Occupational health and safety**

Our operations are subject to a variety of industry specific health and safety laws and regulations which are formulated to improve and to protect the safety and health of employees. Mining operations are inherently dangerous. The occurrence of any industrial accidents, workplace injuries or fatalities may result in workers' compensation claims, related common law claims and potential occupational health and safety prosecutions.

(z) **HIV/AIDS and tuberculosis**

The HIV/AIDS pandemic remains a significant challenge to companies operating in South Africa. Allied to the HIV/AIDS pandemic is the increasing occurrence of tuberculosis amongst the South Africa workforce. Any significant increase in the incidence of HIV/AIDS infection, HIV/AIDS-related diseases and tuberculosis in the workforce may adversely impact our operations. In addition, any significant changes in legislation relating to HIV/AIDS in the workplace could have a cost impact on us in relation to providing sick leave and carer leave.

(aa) **Insurance**

Our business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures and natural phenomena such as inclement weather conditions. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to our properties and the properties of others, delays in development or mining, monetary losses and possible legal liability.

Although we intend to obtain insurance to protect against certain risks in such amounts as we consider to be reasonable, such insurance is unlikely to cover all of the potential risks associated with our operations. We may also be unable to obtain insurance to cover those risks at

economically feasible premiums. Insurance coverage may not be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to us or to other companies in the mining industry on acceptable terms. Losses from any of these events may cause us to incur significant costs that could have a material adverse effect on our financial performance and results of operations.

(bb) **No geographical diversification**

The Company's operations are located in the Kwa-Zulu Natal and Gauteng provinces of South Africa. Any circumstance or event which negatively impacts the ownership or development of these areas or which negatively affects South Africa or any or all of these provinces specifically could materially affect the financial performance of the Company and more significantly than if it had a diversified asset base.

8.3 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 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 speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

9. ADDITIONAL INFORMATION

9.1 Litigation

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

9.2 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.

Date	Description of Announcement
01/11/2018	Appendix 4G and Corporate Governance Statement
01/11/2018	Annual Report to Shareholders

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.ikwezimining.com.

9.3 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	\$0.004	28 September, 1 and 2 October 2018
Lowest	\$0.002	14, 27, 28 August 2018
Last	\$0.003	14 November 2018

9.4 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter has agreed to fully underwrite the Offer for 3,048,750,000, being the maximum number of Shares to be issued under the Offer.

Pursuant to the Underwriting Agreement, the Company and the Underwriter have agreed that the Underwriter will not be entitled to payment of any fees, or reimbursements of any expenses incurred, in connection with the Underwriter underwriting the Offer.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) **(Prospectus):** the Company does not lodge the Prospectus on the lodgement date or the Prospectus or the Offer is withdrawn by the Company;
- (b) **(Supplementary Prospectus):** the Underwriter reasonably forms the view that a supplementary or replacement document (as appropriate) must be lodged with ASIC under section 719 of the Corporations Act and the Company does not lodge a supplementary or replacement document (as the case may be) in the form and content and within the time reasonably required by the Underwriter or the Company lodges a supplementary prospectus without the prior written agreement of the Underwriter;
- (c) **(Misleading Prospectus):** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of Sections 711, 713 and 716 of the Corporations Act);
- (d) **(Proceedings):** ASIC or any other person proposes to conduct any enquiry, investigation or proceedings, or to take any regulatory action or to seek any remedy, in connection with the Offer or the Prospectus, or publicly foreshadows that it may do so;
- (e) **(Unable to Issue Shares):** the Company is prevented from issuing the underwritten Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (f) **(Withdrawal of consent to Prospectus):** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (g) **(No Quotation Approval):** the Company fails to lodge an Appendix 3B in relation to the Underwritten Shares with ASX within 7 days of the Lodgement Date;
- (h) **(ASIC application):** an application is made by ASIC for an order under Section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date (as defined in the Underwriting Agreement) has arrived, and that application has not been dismissed or withdrawn;
- (i) **(ASIC hearing):** ASIC gives notice of its intention to hold a hearing under Section 739 of the Corporations Act in relation to the Prospectus;

- (j) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, which in the Underwriter's reasonable opinion has a Material Adverse Effect;
- (k) **(Indices fall):** the S&P/ASX All Ordinaries Index decreases to a level that is at least 10% below the level of that index as at the close of trading on the date prior to the date of the Underwriting Agreement or is below that level at the close of trading on ASX on the shortfall notice deadline date; or
- (l) **(Termination Events):** subject to paragraph (m) below, any of the following events occurs:
 - (i) **(Default):** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
 - (ii) **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect in a material respect;
 - (iii) **(Contravention of constitution or Act):** a material contravention by the Company of any provision of its constitution, the Bermuda Companies Act, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC, ASX or the Bermuda Monetary Authority;
 - (iv) **(Adverse change):** an event occurs which gives rise to a Material Adverse Effect (as defined in the Underwriting Agreement) or any adverse change or any development including a likely Material Adverse Effect after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
 - (v) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of the Company is or becomes misleading or deceptive or likely to mislead or deceive;
 - (vi) **(Official Quotation qualified):** the official quotation is qualified or conditional;
 - (vii) **(Prescribed Occurrence):** a Prescribed Occurrence (as defined in the Underwriting Agreement) occurs, other than as disclosed in this Prospectus;
 - (viii) **(Suspension of debt payments):** the Company suspends payment of its debts generally;

- (ix) **(Event of insolvency)**: an event of insolvency occurs in respect of the Company; or
- (x) **(Force majeure)**: a force majeure affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs.
- (m) The events listed in paragraph (l) above do not entitle the Underwriter to exercise its rights under that paragraph unless, in the reasonable opinion of the Underwriter reached in good faith, it has or is likely to have, or those events together have, or could reasonably be expected to have, a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act.

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

The potential control effect of the underwriting on the Company is disclosed in Section 5.13.

9.5 Interests of Directors

Other than as set out in this Prospectus, no 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
 - (i) 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:

- (a) as an inducement to become, or to qualify as, a Director; or
- (d) 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 of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options	Entitlement	\$
Tushar Agrawal ¹	790,831,444	Nil	2,372,494,332	\$4,744,988
David Pile ²	727,859,118	Nil	2,183,577,354	\$4,367,155

Alok Joshi	Nil	Nil	Nil	N/A
Rinaldo Anthony	Nil	Nil	Nil	N/A

Notes:

1. Tushar Agrawal has an indirect minority beneficial interest in 790,831,444 Shares by virtue of his interest in Belvedere, Azure and Chronos.
2. David Pile has an indirect minority beneficial interest in 386,158,750 Shares by virtue of Belvedere's shareholding of 382,968,750 and Zero Nominees Pty Ltd, an entity which holds 3,190,000 shares on behalf of Mr Pile and a notifiable interest in a further 341,700,368 Shares due to the ability of Belvedere, (in which Mr Pile has an indirect minority beneficial interest) to influence the voting of these Shares held by Azure.

The Board recommends all Shareholders take up their Entitlement and advises that the Directors who hold Shares intend to take up their respective Entitlements in full.

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 Bye-laws and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Bye-laws, 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 \$500,000 per annum.

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

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

Director	FY 2016 Total Remuneration ¹	FY 2017 Total Remuneration ¹	FY 2018 Proposed Remuneration ¹
Tushar Agrawal	Nil	Nil	Nil
David Pile	Nil	Nil	Nil
Alok Joshi	Nil	Nil	Nil
Rinaldo Anthony	Nil	Nil	Nil

Notes:

1. Although each Director's salary has accrued under their respective employment agreements, the Company has not paid and does not intend to pay any fees for the current (2018) financial year and amounts accrued have been / will be forgone. The Directors recognise the need to preserve the Company's capital to cater for operational cash requirements and as such, Director's remuneration will be re-evaluated in early 2019.

9.6 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
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

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

- (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 any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Finevest Investments Limited will be paid an underwriting fee of \$30,000 in respect of the Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Finevest Investments Limited has not been paid any fees 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 \$20,000 (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 \$19,796.01 (excluding GST and disbursements) for legal services provided to the Company.

DJ Carmichael Pty Limited will be appointed as the nominee under ASX Listing Rule 7.7. DJ Carmichael Pty Limited will be paid for this service on standard industry terms and conditions.

9.7 Consents

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; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Finevest Investments Limited has given its written consent to being named as the Underwriter in this Prospectus, in the form and context in which it is named. Finevest Investments Limited is not a Shareholder of the Company. Mr Tushar Agrawal, a Director of the Company, has an indirect interest in Finevest Investments Limited as well as in 341,700,368 Shares (held by Azure) and a relevant interest in a further 449,131,076 Shares through Belvedere and Chronos.

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.

DJ Carmichael Pty Limited has given and has not withdrawn its consent to be named as the Company's nominee under ASX Listing Rule 7.7. DJ Carmichael Pty Limited has not caused or authorised the issue of this Prospectus, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

9.8 Expenses of the Offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$50,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	11,500
Nominee fees	5,000
Legal fees	20,000
Printing and distribution	3,000
Share Registry and miscellaneous costs	7,294
Total	\$50,000

9.9 Electronic prospectus

The ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

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 8 9321 0771 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.ikwezimining.com.

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

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

The Company will not be issuing Share 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.

10. 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.



David Pile
Chairman
For and on behalf of
IKWEZI MINING LIMITED

11. GLOSSARY

\$ or **AUD** 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.

Application Monies means money submitted by Applicants in respect of Applications.

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules means the listing rules of the ASX.

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

Azure means Azure Projects Ltd (a company registered in the Cayman Islands with registration number 290365).

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

Belvedere means Belvedere Mining Holdings Incorporated, a company registered in the Turks & Caicos Islands, British West Indies with registration number: E.40303 (Turks & Caicos).

Bermuda Companies Act means the *Companies Act 1981* (Bermuda).

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.

Bye-laws means the bye-laws of the Company as at the date of this Prospectus.

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

Company or **Ikwezi** means Ikwezi Mining Limited, incorporated in Bermuda with registered company number 45349 (ARBN 151 258 221).

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

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

Eligible Shareholder means a Shareholder of the Company as at the Record Date other than an Ineligible Shareholder.

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.

Ineligible Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia, New Zealand, the Cayman Islands or the Turks and Caicos Islands.

Nominee or DJ Carmichael Pty Limited means DJ Carmichael Pty Limited (ABN 26 003 058 857) (AFSL 232571).

Ntendeka Colliery means Ntendeka Colliery Project located in Kwa-Zulu Natal, South Africa.

Offer means the renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Projects means the South African coal mining project in which the Company holds an interest, being the Ntendeka Colliery and any other project for which the Company has an interest.

Prospectus means this prospectus.

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

Section means a section of this Prospectus.

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

Share Registry means Computershare Investor Services Pty Limited.

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 5.14 of this Prospectus.

Shortfall Shares means those Shares issued pursuant to the Shortfall.

Transnet Freight Rail or TFR means Transnet Freight Rail, a South African State-owned rail transport Company.

Underwriting Agreement means the underwriting agreement between the Company and Finevest Investments Limited summarised in Section 9.4. Finevest Investments Limited (a company incorporated in the United Arab Emirates with registration number 205841).

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

ZAR means the lawful currency of South Africa.

GLOSSARY OF TECHNICAL TERMS AND ABBREVIATIONS

Indicated Resource(s)	Part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, quality and mineral content can be estimated with a reasonable level of confidence, as defined in the JORC Code.
Inferred Resource(s)	Part of a ore deposit for which quality can only be estimated with a low level of confidence, as defined in the JORC Code.
JORC Code	The 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 the Minerals Council of Australia.
Mineral Resources or Resources	A concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. Mineral Resources are subdivided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories, as defined in the JORC Code.
MPRDA	Mineral and Petroleum Resource Development Act (South Africa), the prevailing legislation that applies to, inter alia, the Company's Mining Rights.
Mining Right	The right to mine minerals on an area of land which is the subject of the prospecting right, granted in terms of section 23 (1) of the MPRDA.
Ore Reserves or Reserves	Probable Reserves, being Measured Resources and/or Indicated Resources which are not yet proven but of which detailed technical and economic studies have demonstrated that extraction can be justified at the time of determination and under specific economic conditions, as defined in the JORC Code.
Prospecting Right	the right to prospect for minerals on an area of land, which is the subject of the prospecting right granted in terms of section 17 (1) of the MPRDA.
ROM	Run of mine.