Prospectus

South Pacific Resources Limited

To be renamed

PYX Resources Limited

PYX RESOURCES

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South Pacific Resources Limited
(to be renamed Pyx Resources Limited) (Company)
ABN 30 073 099 171

REPLACEMENT PROSPECTUS

In relation to an offer of 35,000,000 Shares at an issue price of AU$0.40 per Share to raise AU$14,000,000 (Public Offer).

This document also contains offers of:

(a) up to 210,274,171 Shares to the Takmur Vendors in consideration for the acquisition of all of the issued capital of Takmur Pte Ltd (**Takmur Offer**); and
(b) 17,675,376 Performance Rights to the Manager or its nominee (**Management Offer**),

(together, the **Offers**).

IMPORTANT NOTICE

Completion of the Offers is conditional on satisfaction of the Conditions, which are detailed further in Section 2.7 of this Prospectus. No Shares will be issued pursuant to this Prospectus until such time as the Conditions are satisfied.

All Shares offered under this Prospectus are described and offered on a post-Consolidation basis.

This Prospectus provides important information to assist investors in deciding whether or not to invest in the Company and should be read in its entirety. If you are in any doubt as to how to proceed on the basis of information provided in this document please consult your accountant, solicitor or other relevant professional advisor prior to making any investment.

The Offers are conditional on a number of factors, including completion of the Acquisition, Shareholders approving the delisting of the Company from ASX, and the NSX approving admission of the Company to the NSX.

This Replacement Prospectus replaces the Original Prospectus which was dated 22 November 2019, the replacement prospectus dated 13 December 2019, the supplementary prospectus dated 20 December 2019 and the replacement prospectus dated 24 December 2019.

Important Notice

Date

The Public Offer contained in this Replacement Prospectus is an invitation to acquire Shares in South Pacific Resources Limited (**Company**). This Replacement Prospectus is issued by the Company and is dated 13 January 2020. A copy of this Replacement Prospectus was lodged with ASIC on 13 January 2020. This Replacement Prospectus replaces the Original Prospectus which was dated 22 November 2019, the replacement prospectus dated 13 December 2019, the supplementary prospectus dated 20 December 2019, and the replacement prospectus dated 24 December 2019, each of which were lodged with the Australian Securities Commission (**ASIC**) on those respective dates. Neither ASIC nor the National Stock Exchange of Australia (**NSX**) takes any responsibility for the content of this Replacement Prospectus or the merits of the investment to which this Prospectus relates. This Replacement Prospectus differs from the Original Prospectus.

The Company applied to the NSX on 18 December 2019 for official quotation by NSX of the Shares offered by the Replacement Prospectus. No securities will be issued on the basis of this Replacement Prospectus later than 13 months after the date of the Original Prospectus.

There is no exposure period applicable to this Prospectus.

Replacement Prospectus

This Replacement Prospectus (which is referred to in this document as either "this Replacement Prospectus" or "this Prospectus") replaces the Original Prospectus. This Replacement Prospectus has been issued to, amongst other matters:

(a) provide additional disclosure in relation to the history of artisanal mining on the Mandiri Tenement, including the risks associated with artisanal mining, in the chairman's letter, investment overview, and risks in section 5;

(b) provide additional disclosure in relation to current mining operations in the investment overview section, company and project overview in section 3, and associated risks in section 5;

(c) remove indications that Continental Resource Management Pty Ltd is 'independent';

(d) provide additional disclosure in relation to exploration targets and the inferred resource estimate in Continental Resource Management Pty Ltd's technical report;

(e) provide additional disclosure in relation to executive remuneration in the investment overview;

(f) disclose further information on the Mandiri Tenement's historical production from 2017 to 2019 in the investment overview and section 3;

(g) clarify the nature of Takmur's ownership in the Mandiri Project;

(h) clarify disclosure around the Company's use of funds and costs of the offer at section 2.13;

(i) amend the timetable; and

(j) clarify the basis on which the Company is seeking to list on NSX.

Amendments have also been made in this Prospectus from the replacement prospectus dated 13 December 2019 to incorporate reference to the NSX and remove references to the ASX where it is no longer relevant as the Company is now seeking to list on NSX.

Conditional Offers

The Offers are conditional on a number of factors, including completion of the Acquisition, Shareholders approving the delisting of the Company from ASX, and the NSX approving admission of the Company to the NSX. The terms of the Offers and the various conditions are more particularly summarised in Section 2 and the terms of the Acquisition are summarised in Section 3.

Application for Quotation on NSX

Following consultations in relation to the Company's application for re-admission to ASX, ASX advised that it would reject the application from the Company due to:

(a) the discrepancy in transaction costs disclosed in its original in-principle advice application and those disclosed in the Prospectus (refer to Section 2.13); and

(b) the Company appearing not to meet the minimum free-float requirement due to Shares held by retiring Directors.

The Company is in the process of applying to NSX for the Shares, being the subject of the Offers, to be admitted to quotation on NSX. The admission of the Shares to quotation is not to be taken in any way as an indication by NSX of the merits of the Company. The Company has withdrawn its previously lodged application for listing with ASX.

Secondary Trading

In addition to making the Offers, this Prospectus is being issued to comply with section 708A(11) of the Corporations Act to facilitate the secondary trading of the Trade Creditor Shares.

Refer to Section 2 for further details.

Speculative Investment and Risk

It is important that Applicants read this Prospectus in its entirety before deciding to invest so that they may make an informed assessment of the assets and liabilities, financial position and prospects of the Company and the rights attaching to the Shares offered by this Prospectus. An investment in the Company must be considered speculative. Please refer to Section 5 of this Prospectus for details relating to risks involved with an investment in the Company.

Foreign Jurisdictions

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and any person who comes into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No Offer where would be Illegal

This Offer does not constitute a public offer or invitation in any jurisdiction other than Australia. No action has been taken to register or qualify the Shares or the Offers, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia and New Zealand.

The distribution of this Prospectus outside Australia and New Zealand may be restricted by law and therefore any person who resides outside Australia and New Zealand and who receives this Prospectus should seek advice on and observe any such restrictions. Any person who has a registered address in any other country who receives this Prospectus may only apply for Shares where that person is able to reasonably demonstrate to the satisfaction of the Company that they may participate in the Offers relying on a relevant exception from, or are not otherwise subject to, the lodgement, filing, registration or other requirements of any applicable securities laws in the jurisdiction in which they have a registered address.

The Company will not offer to sell, nor solicit an offer to purchase, any securities in any jurisdiction where such offer, sale or solicitation may not lawfully be made. Any failure to comply with these restrictions may constitute violation of applicable securities laws.

Notice to US Residents

The securities being offered pursuant to this Prospectus have not been registered under the United States Securities Act of 1933, as amended (**US Securities Act**) and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable United States securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. In addition, any hedging transactions involving these securities may not be conducted unless in compliance with the US Securities Act.

Hong Kong

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offers. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

This Prospectus does not constitute an offer or sale in Hong Kong of any Shares and no person may offer or sell in Hong Kong, by means of this Prospectus, any Shares other than (a) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.
571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance.

No person may issue or have in his possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.
571) of Hong Kong and any rules made under that Ordinance.

Indonesia

A registration statement with respect to the Shares has not been, and will not be, filed with the Capital Market and Financial Institutions Supervisory Agency (Bapepam- LK) of the Republic of Indonesia. Therefore, the Shares may not be offered or sold or be the subject of an invitation for subscription or purchase. Neither this document nor any other document relating to the offer or sale, or invitation for subscription or purchase, of the Shares may be circulated or distributed, whether directly or indirectly, in the Republic of Indonesia or to Indonesian citizens, corporations or residents, except in a manner that will not be considered as a "public offer" under the law and regulations in the Republic of Indonesia.

Singapore

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

Electronic version of this Prospectus

A copy of this Prospectus can be downloaded from the website of South Pacific Resources Limited at https://www.southpacificresourceslimited.com/. In order to benefit from any investor protections provided by applicable Australian securities laws and regulations, any person accessing the electronic version of this Prospectus for the purposes of becoming a shareholder must be an Australian or New Zealand resident and must only access the Prospectus from within Australia or New Zealand. The *Corporations Act 2001* (Cth) (**Corporations Act**) prohibits any person passing on to another person the Application Form unless it is attached to a hard copy of this Prospectus or accompanied by the complete and unaltered version of this Prospectus. Prospective

Applicants should read this Prospectus in its entirety before completing the Application Form. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.
The Company reserves the right not to accept an Application Form from a person if the Company has reason to believe that when that person was given access to the Application Form, it

was not provided together with the Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

No Forecasts

The business of mineral sands exploration, appraisal and development is speculative where there are no proved reserves and there are significant uncertainties associated with forecasting revenues and expenses of such operations.

Accordingly, the Directors believe that reliable forecasts cannot be prepared and forecasts have therefore not been included in this Prospectus in accordance with ASIC Regulatory Guide 170.

Forward-looking Statements

This Prospectus contains forward-looking statements which are identified by words such as "may", "could", "believes", "estimates", "targets", "expects", "intends" and other words expressing a similar likelihood or a possibility (whether objectively or subjectively framed) occurring.

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

Any forward-looking statements contained within this Prospectus are subject to various risk factors that could cause actual results to differ materially from those expressed or anticipating in these statements. The Company has endeavoured to set out the key risk factors of making an investment in the Company under this Prospectus and they are set out in Section 5.

Disclaimer

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital or the payment of a return on any of the issued securities of the Company.

No person is authorised to provide any information or to make any representation in connection with the Offers described in this Prospectus which is not contained in this Prospectus.

Any information or representation not so contained may not be relied on as having been authorised by the Company or any other person in connection with the Offers.

Privacy

The Application Forms accompanying this Prospectus require you to provide information that may be personal information for the purposes of the *Privacy Act 1988* (Cth). The Company (and the Share Registry on its behalf) may collect, hold and use that personal information in order to assess your Application, service your needs as an investor in the Company, provide facilities and services that you request or that are connected with your investment in the Company and carry out appropriate administration.

You may request access to your personal information held by the Company or the Share Registry by contacting the Company Secretary.

Definitions

Certain abbreviations and other defined terms are used throughout this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used are set out in Section 15 of this Prospectus.

Photographs, Data and Diagrams

Photographs and diagrams used in this Prospectus which do not have any descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company unless specifically stated as such.

The photographs on the cover page of this Prospectus are the actual assets of Mandiri.

Diagrams used in the Prospectus are illustrative only and may not be drawn to scale and may not accurately reflect the final appearance of the subject matter which it depicts.

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available as at November 2019.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult your broker or legal, financial or other professional advisor without delay.

Should you have any questions about the Offers or how to accept the Offers, please call the Company Secretary, on +61 (02) 8823 3179.

Corporate Directory: South Pacific Resources Limited (ABN 30 073 099 171)

Directors

Mr. Domenic Martino	(Managing Director)
Mr. Joseph Goldberg	(Non-Executive Director)
Mr. Alvin Tan	(Non-Executive Director)

Proposed Directors[1]

Mr. Oliver B. Hasler	(Chairman, Chief Executive Officer)
Mr. Bakhos Georges	(Non-Executive Director)
Mr. Gary J. Artmont	(Non-Executive Director)
Mr. Alvin Tan	(Non-Executive Director)

Registered Office

Level 5, 56 Pitt Street
Sydney NSW 2000
Telephone: +612 8823 3177

Principal Administrative Office

Level 5, 56 Pitt Street
Sydney, NSW 2000
Telephone: +61 (02) 8823 3179

Trading Codes

Current ASX Code: SPB
Proposed NSX Code: PYX

Corporate Adviser

Cedrus Investments Limited
Grand Pavillion
802 West Bay Road
Grand Cayman, CaymanIslands

Investigating Accountant

Hall Chadwick Corporate (NSW) Limited
Level 40, 2 Park Street
Sydney NSW 2000
Telephone: +61 2 9263 2600

Auditor

Pitcher Partners BA&A Pty Ltd
Level 11, 12-14 The Esplanade
Perth WA 6000
Telephone: +61 8 9322 2022
Facsimile: +61 8 9322 1262

Company Secretary

Ms. Louisa Martino

Solicitors to the Offers

Australian Legal and NSX Nominated Adviser
HopgoodGanim Lawyers
Level 27, Allendale Square
77 St Georges Terrace
Perth WA 6000

Indonesian Legal Adviser
Sholeh, Adnan & Associates
Bina Sentra Lantai 1 R.114, Komplek Bidakara
Jl. Jend Gatot Subroto Kav 71-73,
Pancoran, Jakarta 12870

Lead Manager

Indian Ocean Corporate Pty Ltd
Level 5, 56 Pitt Street
Sydney NSW 2000
Australia

Geologist

Continental Resource Management Pty Ltd
10 Hehir St
Belmont WA 6104
Telephone: +61 8 6180 3150

Share Registry*

Advanced Share Registry Services Pty Ltd
110 Stirling Highway
Nedlands Western Australia 6909
Telephone: +61 8 9389 8033

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

[1] To be appointed, with effect from Completion of the Acquisition.

Indicative Timetable	
Original Prospectus lodged with ASIC	22 November 2019
Lodge Prospectus with ASIC	13 January 2020
Opening of Public Offer	22 November 2019
General Meeting for Delisting from ASX	24 January 2020
Closing of Public Offer Completion of the Acquisition and closing of all Offers	24 January 2020
Allotment of Shares issued under the Offers	27 January 2020
New holding statements and certificates dispatched to Shareholders following completion of the Offers	29 January 2020
Quotation of Shares on NSX	estimated to be between 29 January and 5 February 2020

Please Note:

The dates shown in the table above are indicative only and subject to change. The Company, subject to the Corporations Act, the NSX Listing Rules and other applicable laws, reserves the right to change any of these dates without notice. This may include varying the Opening Date or the Closing Date, extending, or closing early of the date of issuing Shares, the Offers or accepting late Applications, either generally or in particular cases. Any variation may have a consequential effect on other dates. You are encouraged to submit your Application Forms as soon as possible after the Offers open. The Company also reserves the right not to continue with the Offers at any time before the allotment of Shares to successful Applicants.

The Company intends to make all efforts to ensure that the Company satisfies the NSX Listing Rules as soon as is practicable following closing of the Offers and completion of the Acquisition.

Key Offer Details	
Company	South Pacific Resources Ltd
Number of securities on issue as at the date of this Prospectus (Post-consolidated)	18,284,711
Public Offer	
Securities offered	Shares
Number of Shares available under the Public Offer	35,000,000
Offer price per Share	AU$0.40
Amount to be raised under the Public Offer (before costs)	AU$14,000,000
Takmur Offer	
Securities offered	Shares
Number of Shares offered to the Vendors	210,274,171
Cash Raised under Takmur Offer	Nil
Total number of securities after completion of the Offers	263,558,882
Indicative market capitalisation after completion of the Offers	AU$105,423,553
Gross Proceeds of the Public Offer	AU$14,000,000

How to Invest:

Applications for the Public Offer can only be made by completing and lodging an Application Form. Takmur Vendors must complete the relevant Application Form included in or attached to this Prospectus.

Questions:

To obtain further information speak to your accountant, stockbroker, financial adviser or professional adviser. If you require assistance or additional copies of this Prospectus please contact the Company on +61 (02) 8823 3179 from 9.00am to 5.00pm (EST) Monday to Friday, if you have questions about any Application Form.

Letter from the Chairman

Dear Investor

On behalf of the Board of Directors, I am pleased to present to you the opportunity to become an investor in the Company. The Public Offer proposed in this Prospectus is seeking to raise AU$14,000,000 through the issue of 35,000,000 Shares at a price of $0.40 per share.

The Company is currently listed on ASX but is suspended. The Directors of the Company have determined that the most appropriate method by which the Company can pursue its objectives as stated in this Prospectus is to seek listing on the NSX. ASX has advised that it will remove the Company from the ASX upon listing on the NSX. Prospective investors should be aware that the NSX is a different platform than the ASX that operates in substantially the same manner as ASX with a similar regulatory regime and settlement procedures. The Public Offer is conditional upon the removal of the Company from ASX and the approval of NSX to the listing of the Company.

It is important to note that the NSX differs in size from the ASX with 66 companies currently trading on NSX while ASX has 2,240 entities listed as at December 2019. Over the course of 2019 a total of $66 million of initial capital was raised via NSX issuers while on ASX there was initial capital of approximately $11.598 billion raised during 2019. During 2019, 11.458 million shares were traded on NSX while on the ASX during the same period 428.5 million shares were traded. Both of the ASX and NSX covers various industries including manufacturing, consumer goods, information technology, agricultural and resources. There are currently 6 companies on NSX which are primarily focussed upon the mining and exploration sector while on the ASX there are over 700 companies involved in mineral exploration, development and production.

The Company has entered into an agreement pursuant to which the Company will acquire 100% of the issued capital of Takmur Pte Ltd (**Takmur**) to be affected by a share exchange agreement made by and between the Company and Takmur on 30 July 2019 (**Share Exchange Agreement**).

The funds raised by the Public Offer will allow the Company to meet the funding requirements arising from its acquisition of Takmur (**Acquisition**) and to conduct exploration and development programs on its flagship Mandiri Project in Indonesia. The Mandiri Project consists of a licensed concession area of 2,032 hectares located in Central Kalimantan, Indonesia for mineral sands exploration and premium grade Zircon production and export. Zircon processing occurs at the Mandiri Plant which has been built and is operational.

The proposed Acquisition will see the Company focus its commercial and strategic activities on mineral sands exploration and production. The Company intends to establish itself as a significant player in mineral sands exploration and production through the development of the Mandiri Project.

It is important to note that the interests of the Company in the Mandiri Project are contractual in nature in that Takmur has an exclusive operation and management agreement with Mandiri. The Company does not have a direct ownership interest in the Mandiri Tenement or the Mandiri Plant. Prospective investors should carefully consider the details of this agreement summarised in Section 11 of this Prospectus.

The Mandiri Project is currently being exploited through the use of contract artisanal miners however it should be noted that the Company has evidence of there being a history of artisanal mining on the Mandiri Tenement (being the investigations of the Company into the current practices of Mandiri and feedback from the appointed Technical Expert, Continental Resource Management Pty Ltd).

In the period from September 2010 and up to December 2016, Mandiri undertook technical and geological analysis in order to determine the tenement areas suitable for HMC extraction and the necessary specifications for the processing plant to produce zircon. In addition, during the same period, Mandiri completed landscape improvement operations to facilitate HMC extraction and sourced appropriate personnel for the Mandiri Project.

There is a risk that where historical artisanal mining has occurred, a lack of control and oversight exists over operations and, as a result, a risk that all licence conditions have not always been complied with. Since Takmur has been involved with the Mandiri Project in January 2019 it has put in place appropriate measures to ensure that artisanal miners are properly engaged by the holders of the Mandiri Tenement. Prospective investors should be aware of these risks and should consider the appropriateness of making an Application in this context as a breach of licence conditions may result in fines, penalties or forfeiture. It should be noted that the gold content of drilling results and concentrate delivered to the Mandiri Plant varies significantly, as such Mandiri cannot guarantee that the contract artisanal miners are not (illegally) mining for gold. The Technical Report indicates that gold is present in HMS samples, but gold is mostly absent from the HMC delivered to the Mandiri Plant. Mandiri does not yet have in place accurate systems which will effectively monitor contract miners to prevent them from extracting gold from the Mandiri Tenement.

As at the date of this Prospectus the Mandiri Project currently operates as follows:

- Ore is extracted by contracted miners using pumps where the soil is pumped over riffle boxes which results in a heavy mineral concentrate (HMC) being collected at the Mandiri Tenement;
- The HMC is then loaded onto trucks under the supervision of engaged mining supervisors, and is trucked by road to the Mandiri Plant;
- The Mandiri Plant consists of standard HMC processing equipment, including gravity shaking tales, dryers, electro-static separators and electro-magnetic separators, which processes the HMC into saleable Zircon product;
- The Zircon product is then bagged and verified at the Mandiri Plant by a Factory and Mining Officer, loaded onto trucks and driven to the nearest Port at Banjarmasin where the Zircon is sold and/or shipped to the customer.

The extraction and processing set out above is directly supervised and controlled by Mr Oliver B. Hasler and a Factory and Mining Officer who are responsible for ensuring adherence to best practice and compliance with licence conditions, including compliance with conditions relating to export of Zircon from Indonesia. Mandiri's management and its security unit also monitor access to the Mandiri Tenement so as to mitigate against any interference from non-authorised parties.

The Company held a General Meeting of its Shareholders on 13 December 2019 (**General Meeting**) to seek approval for, among other matters, the issue of securities to effect the Acquisition, the change in nature and scale of the Company's operations and the change of the name of the Company to "Pyx Resources Limited". Shareholder approval was given for each of these resolutions.

This Prospectus contains detailed information about the Company. This is a highly speculative investment and investors should refer to, and consider carefully, the risk factors outlined in this prospectus at Section 5 prior to making any investment decision. An investment in the Company involves a number of risks and consequently such an investment must be taken having paid due regard to the risks involved to the security of any capital invested. Before you make any investment I wholly recommend and encourage you to read this Prospectus in its entirety and to seek appropriate financial advice.

Yours faithfully

Domenic Martino
Chairman

1. Investment Overview

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. Prospective investors should read and consider this Prospectus in its entirety, including the experts' reports in this Prospectus before deciding to invest in Shares.

1.1 About the Company

Question	Response	Section
Who is the issuer of this Prospectus?	South Pacific Resources Limited (ABN 30 073 099 171), a company incorporated in Australia, proposed to be renamed "Pyx Resources Limited" (**Company**).	Section 3
Who is the Company?	The Company is an Australian company currently listed on the official list of the ASX (ASX:SPB) and has a historical focus on oil and gas exploration. The Company is currently suspended from trading on the ASX and is seeking listing on the NSX. ASX has advised that it will remove the Company from the ASX upon listing on the NSX.	Section 3.1
What are the Company's key assets and liabilities?	On 30 July 2019, the Company entered into the Share Exchange Agreement whereby it agreed to acquire 100% of the issued capital in Takmur Pte. Ltd. (**Takmur**), an exploration and production company that has an operating mineral sands project in Central Kalimantan, Indonesia (**Mandiri Project**). The Company has also agreed to divest its previous oil and gas businesses held by its subsidiary Indo-Pacific Energy Pty Ltd pursuant to a share sale agreement with Ana and Bella Pty Ltd (**Disposal**). The Company has no other material assets or liabilities as at the date of this Prospectus.	Section 3

1.2 Takmur Pte Ltd

Question	Response	Section
How will the Acquisition be implemented?	As announced on 7 August 2019, the Company has entered into a share purchase agreement with Takmur under which the Company has agreed to issue 210,274,171 new Shares to shareholders in Takmur in exchange for all of the issued capital of Takmur. At the General Meeting held on 13 December 2019, the Company sought Shareholder Approval to change the activities of the Company from an oil and gas exploration company to a mineral sands exploration and production company with projects in Indonesia. Shareholders considered and approved resolutions relating to the: • Disposal; • change in nature and scale of the Company's activities; • Acquisition; and • Board of the Company moving forward. The operation of the Mandiri Project, through Takmur, will be the primary asset of the Company following completion of the Acquisition. The Company also proposes to change its name to "Pyx Resources Limited" which in the Board's opinion is more reflective of the new direction of the Company.	Section 3.2

Question	Response	Section
Who is Takmur and what is the Mandiri Project?	Takmur is a mineral sands mining company which has acquired contractual rights to the exclusive operation and management of the Mandiri Project, a quality mineral sands tenement and project in Indonesia. In the period from September 2010 and up to December 2016, Mandiri undertook technical and geological analysis in order to determine the tenement areas suitable for HMC extraction and the necessary specifications for the processing plant to produce zircon. In addition, during the same period, Mandiri completed landscape improvement operations to facilitate HMC extraction and sourced appropriate personnel for the Mandiri Project. Takmur's key asset and primary business is the exploitation of the Mandiri Project in Central Kalimantan, a fully licensed mineral sands project which is currently in production, having achieved an export volume of approximately 940 tons of zircon in 2017, in excess of 3,000 tons of zircon in 2018 and approximately 4,300 tons of zircon from January 2019 to October 2019. Mandiri owns its own plant, machinery and equipment which enabled it to produce zircon in 2017 and 2018. In 2019 it leased additional equipment which resulted in an increase in the production of zircon. The key items of this additional leased equipment include a forklift, generator set, 2x overhung pumps, shaking tables and magnetic separators. Mandiri sells zircon direct to its customers without the use of agents or intermediaries and in 2018 its top 3 customers accounted for 84% of sales volume. These 3 customers were the CFM Group, headquartered in Spain, Comptoir de Mineraux Premieres, based in France and Euronics Inc, based in Taiwan. Through its ownership of Takmur, the Company aims to become a mineral sands business and supply world markets with quality zircon, securing an important role in this growing industry.	Section 3.5
What market does Takmur operate in?	Takmur operates in the zircon market and, more specifically, in the exploration and development of zircon in Indonesia. Takmur has contractual rights to produce zircon at the Mandiri Project, located in Indonesia.	Section 3.5
Who are the likely purchasers of zircon?	To date the customer base consists of a pool of diversified and established international organisations with long operating histories including: *CFM Group* CFM Group was founded in 1986 in Castellón (Spain) and provides raw materials and specifically metal oxides. It deals in traditional raw materials distribution but also transforms them using milling equipment and constantly looks for new strategic products with new industrial developments. Zirconium and zirconium flour product is currently CFM's main product. CFM is a global mineral sands processor with operations in Spain, Mexico and Indonesia. *Comptoir de Mineraux Premieres (CMMP)* CMMP is an independent and family owned company founded in 1932. With more than 65 years of experience in the field of industrial minerals, CMMP has developed a comprehensive range of more than 140 products. CMMP has been certified under ISO 9001 since January 2010. CMMP trades and processes in excess of 30,000 tons per annum of mineral sands. *Euronics Inc* Euronics distributes products from Taiwan into China, including ceramics and other products made from zircon. Euronics Inc is one of the largest zircon purchasers in Asia.	**Section 3.5**

Question	Response	Section
Does Takmur currently have required licenses to operate Mandiri?	Yes. The Mandiri Project currently has an operating and producing zircon mining permit pursuant to Izin Usaha Pertambangan – Operasi Produksi (**IUP-OP**) No. 16/DPE/IX/2010 issued by Bupati Gunung Mas on 3 September 2010. As set out Section 3.5 to this Prospectus, Mandiri is currently selling this zircon and receiving payment from customers. The IUP-OP is due for renewal by Mandiri on 31 December 2020. The Company has considered the risk of any non-renewal and is of the opinion that non-renewal is not a material risk to the operations of the Company. Further details are contained in the Business Overview and Legal Opinion set out in this Prospectus at Section 9.	Section 3.5
What are Takmur's key costs?	Key costs for Takmur include: • costs associated with the exploration and production of mineral sands assets; • costs associated with the acquisition, exploration, and development of mineral sands assets; • employee costs including salaries and related costs of all employees and contractors; and • administration and finance costs.	Section 3.5
What is the financial position and performance of Takmur and Mandiri?	Takmur was only recently incorporated in June 2018 for the purpose of operating the Mandiri Project. Financial statements for Takmur and relevant companies, being PT AUM and Mandiri, are included in at Section 6 of this Prospectus. Takmur and its controlled entities' key financial performance metrics for the 6 months ending 30 June 2019 are: • Net Profit of US$238,839; • Revenue of US$2,903,161; and • Net Assets of US$996,771. Prospective investors should carefully review all of the financial information included in this Prospectus, including the Investigating Accountants Report. Further, any prospective investor should note that past performance is not a reliable indicator of future performance.	Section 6

1.3 The Acquisition

Question	Response	Section
What is the Acquisition?	On 30 July 2019, the Company and the Takmur Vendors entered into a Share Exchange Agreement under which the Company agreed to issue 210,274,171 new Shares to shareholders in Takmur (on a post-Consolidation basis) (**Acquisition Shares**) in exchange for all of the issued capital of Takmur. Following completion of the Acquisition, the Directors intend to focus on the mineral sands operation such that the principal activities and assets of the Company will be the current activities and assets of Takmur. The Company proposes to change its name to Pyx Resources Limited on completion of the Acquisition, which, in the Proposed Directors' opinion, will be better suited to the Company's new strategic direction. Where relevant, this Prospectus assumes that the Acquisition has been completed and all conditions to the Transaction have been satisfied.	Section 3.2

Question	Response	Section
What are the key terms of the Acquisition?	The key terms of the Acquisition are as follows: • The Company will conduct a 20 to 1 consolidation of its existing issued capital. This will reduce the issued capital of the Company to approximately 18,284,711 Shares; • The Company will acquire Takmur via the issue of 210,274,171Shares (post-Consolidation); • The Company will seek to raise AU$14,000,000 through the issue of 35,000,000 Shares at a price of AU$0.40 per Share under a prospectus and seek admission to the Official List of the NSX and removal from ASX. On completion of the Acquisition the Company will change its name to "Pyx Resources Limited". Additionally, the current Board of the Company, with the exception of Alvin Tan, will resign and be replaced by the Proposed Directors. The Acquisition will result in a change in nature and scale of the Company's activities from an oil and gas exploration and production company to mineral sands exploration and production.	Section 3.2
What will be the Company's key business strategies following completion of the Acquisition?	The Company's objective is to build shareholder value by developing the Mandiri Project, adding premium quality mineral sands tenements to its portfolio in Indonesia and, if deemed appropriate, globally. The Public Offer proceeds will be used to further develop and operate the Mandiri Project. The Company's strategy following the completion of the Acquisition is: • to maintain its current obligations under its existing agreements in relation to the Mandiri Project; • to increase production capacity and output from Mandiri; • to investigate the development of potential strategic partnerships and/or potential strategic acquisition opportunities in the mineral sands sectors; and • leverage the skills and expertise of the proposed executive and leadership team.	Section 3.3
What are the Company's key material contracts?	Upon completion of the Transaction, the key material contracts of the Company will be: • an Exclusive Operation and Management Agreement between PT AUM (a subsidiary of Takmur) and Mandiri; • a machinery lease contract between Mandiri and PT CFM Minerals Indonesia; • a Management Services Agreement between Mandiri and Phoenician Management Services Limited in relation to the provision of the services of Mr Oliver Hasler; • mining contractor, personnel services and indemnity agreements; • a Deal Advisory Agreement between the Company and Cedrus Investments Limited; • a Private Placement Agreement between the Company and Cedrus Investments Limited; and • a brokerage agreement between the Company and Cedrus Investments Limited.	Section 11

Question	Response	Section
What are the key highlights of the Acquisition?	The Directors and Proposed Directors are of the opinion that the following are some key highlights of the Acquisition: **Long term growth of the Company** The Company has limited capital and no income; it is likely that the Company will face difficulty in creating significant long-term value for the Shareholders in its current form. The Directors of the Company have determined that the Company, following completion of the Acquisition, has the potential to increase shareholder value and to provide the Company with a future business direction. The Directors believe that the Acquisition offers a sustainable growth pathway for the Company. **Increase in liquidity** The Acquisition will substantially increase market capitalisation and liquidity for the Company's shares. If successful in achieving its business objectives the Company may create and deliver shareholder value. **Management team** The proposed management team of the Company are highly experienced professionals with a knowledge of conducting upstream mineral sands operations in Indonesia. **Asset highlights** The Company will acquire a producing mineral sands asset in Indonesia upon the completion of the Acquisition. The Directors and the Proposed Directors believe that the outlook for the mineral sands industry is positive and that the Company will be well positioned to take advantage of demand for its production.	Section 2.10
What are the key risks of the Acquisition?	The Acquisition of the Mandiri Project and the consequential change in nature and scale of the activities of the Company carries risks such as: • zircon extraction and production by its nature involves risk including significant resource, pricing and production risk; • where historical artisanal mining has occurred a lack of control and oversight exists over operations and as a result a risk that all licence conditions have not always been complied with; • the Company may not be able to meet the requirements for quotation of its securities on NSX and there may be delays in the Company being removed from ASX; • there will be significant dilution suffered by the existing Shareholders from the issue of Securities under the Offers and Shareholders may be diluted further in the future; and • as set out in the Notice of Meeting, the Shareholder base following the Acquisition will result in two parties holding a significant voting interest in the Company with each of Phoenix Fund Solutions and Takmur SPC Limited holding an interest of 35.1% and 31.9% respectively of the issued capital. This gives each of these parties the ability to block special resolutions of the Company thereby having the ability to exert some measure of control over the affairs of the Company.	Sections 1.5 and 5

Basis for Seeking NSX Listing	Following consultations in relation to the application for re-listing of the Company's Shares pending the acquisition of Takmur on the terms announced on 7 August 2019 and approved in its entirety by Shareholders at the General Meeting on 13 December 2019 and considering the ASX in-principle advice stating it would reject the Company's application for re-admittance to the ASX citing a discrepancy between the transaction costs as disclosed in the suitability application submitted to the ASX in July 2019 and the transaction costs as disclosed in the Prospectus lodged 22 November 2019 (which had also been disclosed to Shareholders in the Notice of Meeting) and the Company appearing not to meet the minimum 20% free float requirements of the ASX when considering Shares held by retiring Directors, the Company determined that it did not wish to make further submissions to the ASX in relation to the application for re-admission and resolved that the most appropriate method by which the Company can pursue its objectives as stated in this Prospectus is to seek de-listing on the ASX and listing on NSX. The discrepancy in the disclosure on costs referred to above was due to a categorization difference. The Acquisition costs (i.e. the advisory and legal costs to complete the Acquisition) were included under the heading "General and Administrative and Finance Costs" (30.1% of the proceeds) in the in-principle short form suitability application, separately from the heading "Public Offer Costs" (8.9% of the proceeds). When considering the General and Administrative and Finance Costs combined with Public Offer costs, the total transaction costs as disclosed in the application for in-principle advice on suitability amounted to 39.0% of the Offer, based on a indicated capital raising amount of AUD 10,500,000. In this Prospectus, the Acquisition costs and the Public Offer costs are now included under the heading "Disposal Cost, Acquisition Cost and Public Offer Expenses, including capital raising fees and expenses, due diligence and transaction costs, costs of Experts" (refer to Section 2.13 for a full breakdown), which represents 28.6% of the increased offer amount (from AUD 10,500,000 to AUD 14,000,000).	
Removal from ASX	The Company has determined that the most appropriate method by which the Company can pursue its objectives as stated in this Prospectus is to seek listing on the NSX. ASX has advised that it will remove the Company from the ASX upon listing on the NSX. In order to be removed from ASX the Company will seek shareholder approval and also must obtain the consent of ASX to the removal under ASX Listing Rule 17.11. The shareholder vote for removal from ASX is scheduled on or about 24 January 2020 at the Delisting General Meeting and as such the Offers will not be able to be completed until this time. The Company has also made a formal application for removal from ASX and ASX has provided in-principle advice stating that it will likely agree to SPB's request for SPB to be removed from the ASX of ASX subject to certain conditions. If either of these two matters are delayed or subject to conditions that the Company is not able to satisfy, the Acquisition and the Offers may not be able to be completed.	Section 2.7

1.4 The Offers

Question	Response	Section
What is the Public Offer?	The Public Offer is a public offering of 35,000,000 Shares over new fully paid ordinary Shares (on a post consolidation basis) in the Company at an offer price of AU$0.40 per Share to raise AU$14,000,000.	Section 2.1
Question	**Response**	**Section**
Who can participate in the Public Offer?	The Public Offer is open to residents of Australia and New Zealand, certain qualified and institutional investors in Hong Kong, and institutions and certain other exempt investors where not prohibited by law. The Company will not process any Applications from investors where it has concerns that the Public Offer may not comply with the jurisdiction to which any Applicant is subject.	Section 2.21
Is there a minimum amount to be raised under the Offer?	The minimum subscription requirement for the Public Offer is AU$14,000,000 representing the subscription of 35,000,000 Shares at an issue price of AU$0.40 each (**Subscription**). No securities will be issued until the Public Offer has reached the Subscription. Subject to any extension, if the Subscription has not been achieved within 3 months of the date of this Prospectus, all Application Monies will be refunded without interest in accordance with the Corporations Act.	Section 2.8
Is the Public Offer underwritten?	The Public Offer is not underwritten. Each of Indian Ocean Corporate Pty Ltd and Cedrus Investments Limited is entitled to professional services fees and a success fee of 6% of the dollar amount of Shares issued to investors as a direct result of their services upon completion of the Offers.	Sections 11.7 and 12.2
What happens if the Subscription is not achieved?	If the Subscription of the Public Offer is not reached within three months after the date of the Prospectus, no Shares will be issued and Application Monies will be refunded as soon as is practicable in full, without interest. In addition, the Company will not be in a position to complete the Transaction.	Section 2.8
What are the Additional Offers?	In addition to the Public Offer, the Company is offering: • up to 210,274,171 Shares to the Takmur Vendors for all of the issued capital in Takmur as consideration for the Acquisition under the Takmur Offer; and • 17,675,376 Performance Rights to the Manager under the Management Offer. The Takmur Offer is only available to the Takmur Vendors. Accordingly, no funds will be raised pursuant to the Takmur Offer. You should not complete an Application Form in relation to the Takmur Offers unless specifically directed to do so by the Company. The Management Offer is made only to the Manager and may only be accepted by the Manager or its nominee and is subject to the terms of the Stock Incentive Plan.	Section 2.2

What is the purpose of the Public Offer?	The purpose of the Public Offer is: • to fund the ongoing immediate working capital needs of the Company and direct project costs of the Company; • to raise primary capital in order to strengthen the Company’s balance sheet and provide financial flexibility to pursue its identified growth opportunities and objectives as set out in this Prospectus; • to provide a liquid market for shares and an opportunity for others to invest in the Company; • facilitate secondary trading of the Trade Creditor Shares and the Acquisition Shares; • to provide the Mandiri Project with the benefits of an increased profile that arises from being a listed public company; and • to meet the listing requirements of the NSX. The Company currently intends to apply funds raised from the Public Offer in the manner set out in the table in Section 2.13 to this Prospectus.	Section 2.13

Question	Response	Section
What are the purposes of the additional Offers?	The primary purpose of the Takmur Offer is to facilitate the completion of the Acquisition and to remove the need for an additional disclosure document to be issued upon the sale of any Shares that are issued under the Takmur Offer. The primary purpose of the Management Offer is to incentivize the achievement of the Company’s goals by way of issuing Performance Rights to Mr Hasler under the Stock Incentive Plan.	Sections 2.10 and 2.11
What are the conditions of the Offers?	Completion of the Offers is conditional upon the Company’s Shareholders approving resolutions in order to complete the Acquisition (including delisting from the ASX), the Company receiving conditional approval for the quotation of the Company’s Shares on the NSX, and the Company completing the Public Offer. Please refer to Section 2.7 of this Prospectus for further details about Shareholder approvals.	Section 2.7
Why are the Offers a conditional?	Completion of the Acquisition, the Public Offer, the Takmur Offer and the Management Offer is subject to certain conditions. One of those conditions was obtaining the approval of Shareholders of the Company at the General Meeting of Shareholders held on 13 December 2019 which was obtained. Shareholders will also need to approve delisting from the ASX in order for the Company to proceed with listing on the NSX. If Shareholders do not approve all of the relevant resolutions, the Company will be unable to make the Offers and the Company will be unable to complete the Acquisition.	Section 2.7
How will the proceeds of the Offer be used?	The proceeds of the Public Offer together with existing cash reserves will be used to: • fund work programs on current projects and operate the Mandiri Project; • provide working capital to the Company; and • fund the costs of the Acquisition and the Offers.	Section 2.13

	Use of Proceeds	Amount (AU$)	Percentage (%)
1.	**CAPEX**		
	Heavy Mining Transport Equipment including trucking expenses to transport HMC and zircon product	1,000,000	7.1%
	Mining Field Unit for extraction of mineral sand bearing zircon	4,200,000	30.0%
	Separation Factory Equipment at the Mandiri Plant	1,000,000	7.1%
	Exploration Programs on the Mandiri Tenement	800,000	5.7%
	Total CAPEX	**7,000,000**	**50.0%**

2.	**Disposal costs, Acquisition, and Public Offer expenses including capital raising fees and expenses, due diligence and transaction costs, costs of Experts****	**4,000,000**	**28.6 %**
3.	**General working capital / Administrative Expenses**		
	Customer Financing (*)	1,400,000	10.0%
	General operational and administrative costs including employees, accounting, legal and costs of being a listed entity on the NSX	1,600,000	11.4%
	Total general working capital / Administrative Expenses	**3,000,000**	**21.4%**
	TOTAL	**14,000,000**	**100%**

(*) Provision of credit to customers willing to purchase products via letter of credit arrangements. To date sales of zircon have been made on a cash on delivery spot price basis out of the nearest Port. It may be the case in the future that zircon is sold on a credit basis in accordance with industry practice and this item is considered as a cash expended by the Company. These arrangements will only be entered into if appropriate in the circumstances with regard to the cost/benefit considerations at the time of considering these arrangements.

** Advisory and Experts Fees are detailed as follows:

- AUD$1,400,000 to Cedrus Investments Limited as a Procurement and introduction Fee for identifying the Mandiri Project and assisting with the acquisition of Takmur
- AUD$579,000 to Cedrus Investments Limited as an Advisory Fee upon the Acquisition
- AUD$150,000 to Indian Ocean Corporate Pty Ltd as Advisory and Lead Manager Fee
- AUD$30,000 to Stantons International for the Independent Expert for the Notice of Meeting
- AUD$50,000 to CSA Global as the Independent Technical Expert for the Notice of Meeting
- Balance of fees are provision for implementation of the Acquisition and anticipated ongoing costs

What will be the capital structure of the Company on completion of the Offers?

The capital structure of the Company following completion of the Offers will be:

	Number of Shares	SPB Ownership (%)
Pre 20:1 Consolidation		
Current Shareholders (pre-Consolidation)	365,694,211	100.00
Post 20:1 Consolidation		
Current Shareholders (post-Consolidation)	18,284,711	6.9
Issued pursuant to Public Offer	35,000,000	13.3
Issued pursuant to Takmur Offer	210,274,171	79.8
Total	**263,558,882**	100.00

Section 2.14

Will the Shares be listed?

The Company is in the process of applying to the NSX for admission and quotation of the Shares.

Completion of the Offers is conditional on the NSX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offers will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

Section 2.19

Question	Response	Section
What fees are payable to third parties on completion of the Offers?	Pursuant to the agreements with the Lead Manager, Indian Ocean Corporate Pty Ltd (a related party to Mr Domenic Martino who is a current Director but not a Proposed Director), the following fees are payable upon completion of the Offers: • $150,000; and • 6% of funds raised by Indian Ocean Corporate Pty Ltd under the Public Offer. In addition to the fees outlined above, the Company will reimburse Indian Ocean Corporate Pty Ltd for reasonable expenses incurred in connection with the Lead Manager engagement. Pursuant to the agreements with the Corporate Advisers, Cedrus Investments Limited, the following fees are payable upon completion of the Offers: • Professional fees of AU$1,400,000 in cash for identifying and procuring a target in the natural resources sector for SPB to seek admission to listing on the NSX; • Professional fees of US$400,000 in cash for advising on the deal structure, valuation and protective rights of the Company, assisting the Company in negotiation with the vendor, assisting the Company in completing the reverse merge transaction and assisting the Company in the process of listing on the NSX; and • 6% of funds raised by Cedrus Investments Limited. In addition to the professional fees outlined above, the Company will reimburse Cedrus Investments Limited for reasonable expenses incurred in connection with the advisory agreements.	Sections 11.8 and 11.10

1.5 Key Risks

Topic	Summary	Section
Exploration and Operating risks	The Company's operations may be adversely affected by a range of factors, including but not limited to: • failure to locate or identify mineral sands deposits; • failure to commission production facilities; • mechanical failure; • plant breakdown; • unanticipated production issues; • failure to procure goods and services on commercial terms; • failure to market production; • failure to attract or retain staff; • adverse weather conditions (some of the projects are in areas of extreme weather); • industrial and environmental accidents; • industrial disputes; • strikes; • unexpected shortages or increases in the costs of consumables; • spare parts and capital equipment; • adverse changes to legislation with respect to the operating environment; and • other such operating factors. The success of the Company's operations will also require the use of outside suppliers, the performance of whom is beyond the Company's control.	Section 5

Topic	Summary	Section
Future Capital Needs	The Company's ability to effectively implement its business strategy will depend in part on its ability to generate income from its operations, and/or to raise additional funds. The need and amount for any additional funds required is currently unknown and will depend on numerous factors related to its current and future activities (including any future acquisitions). There can be no assurance that funding will be available on satisfactory terms or at all. Any inability to obtain finance will adversely affect the business and financial condition of the Company and its performance. If required, the Company would seek additional funds through equity, debt or joint venture financing. The percentage ownership of shareholders may be reduced if additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a pro-rata basis to existing shareholders. Shareholders may experience subsequent dilution. There can be no guarantee that any capital raisings will be successful. If the Company is unable to obtain additional financing as needed, it may result in the delay or indefinite postponement if the Company's activities. Mining licenses frequently contain government-mandated capital, social and other such commitments which must be met by the license holder in order to maintain the license. Annually set capital commitments are the norm for such licenses. The license may be at risk if the Company cannot secure funding for these commitments (either through internal cashflow, equity, debt, joint venture financing or other mechanisms).	Section 5
Indonesian Operational Risk	The Company conducts foreign operations, and will market and sell products in foreign jurisdictions and will, therefore, be exposed to risks relating to operating in such foreign jurisdictions. The Republic of Indonesia in which the Company will, following the Transaction, conduct operations in is a developing country regarded as an emerging market and may be subject to instability (political, economic, or otherwise). Risks include, among other matters: • economic instability; • trade barriers or the imposition of taxes; • changes in the regulatory environment; • changes in mineral sands exportation and transportation regulations; • imposition of additional obligations/restrictions on foreign investors; • difficulties with staffing and/or managing any foreign operations; • issues or restriction on the free transfer of funds; • technology export or import; • delays in dealing across borders caused by customers or governmental agencies; • local currency devaluations; and • nationalisation or expropriation of the Company's assets. As such, investors are advised to be aware of the risks of investing in the Company given its operations in these areas.	Section 5

Reliance on Contracts and Licenses	The operations of the Company will be heavily dependent upon the validity and enforceability of its material contracts relating to the Mandiri Project. The operations of the Company may be severely affected with a consequential impact on the value of the Company and its securities if counterparties to these contracts breach or otherwise do not perform as expected. The Company's activities may also be affected by its ability to enforce respective counterparties obligations under these contracts should they not be complied with. The Company has obtained confirmation that the IUP-OPs No. 16/DPE/IX/2010 (being the Mandiri Tenement) is in full force and effect and this confirmation is included in this Prospectus. The IUP-OP is due for renewal on 31 December 2020. The Company will rely upon its engaged contract miners on the Mandiri Tenement who facilitate the extraction of feedstock that is supplied to the Mandiri Plant	Sections 5 and 9.
Risks of previous non-compliance on Mandiri Tenement	Investigations of the Company into the current practices of Mandiri and feedback from the Technical Expert, Continental Resource Management Pty Ltd, indicates that there has been a history of artisanal mining on the Mandiri Tenement. In the period from September 2010 and up to December 2016, Mandiri undertook technical and geological analysis in order to determine the tenement areas suitable for HMC extraction and the necessary specifications for the processing plant to produce zircon. In addition, during the same period, Mandiri completed landscape improvement operations to facilitate HMC extraction and sourced appropriate personnel for the Mandiri Project. The Technical Expert has identified that artisanal mining prior to January 2019 is likely to have been for gold and that artisanal miners were selling HMC as a by-product of this gold extraction. The IUP-OP over the Mandiri Tenement only permits the extraction and sale of zircon and as such there is a risk that this condition was not complied with prior to January 2019. There is a risk that where historical artisanal mining has occurred, a lack of control and oversight exists over operations and, as a result, a risk that all licence conditions have not always been complied with. Prospective investors should be aware of these risks and should consider the appropriateness of making an Application in this context as a breach of conditions may result in fines, penalties or forfeiture.	Section 5, Section 9, Geological and Technical Report
Mining Safety Risk	The Company's current and future mining operations are, and will continue to be, subject to risks and hazards inherent in the mining industry. Hazards associated with mining include (but are not limited to): (i) discharges of gases and toxic chemicals; (ii) flooding; (iii) accidents and injuries; (iv) over-exposure to airborne pollutants; (v) over-exposure to noise; (vi) other human health hazards associated with operating in extreme climatic conditions, such as heat-exhaustion; and (viii) other conditions resulting from processing of material associated with mineral sands mining. As at the date of this Prospectus, there have been no significant injuries or incidents at the Mandiri Project. However, occurrence of one or more of these events may result in the death of, or personal injury to, personnel, the loss of mining equipment, damage to or destruction of mineral properties or production facilities, reduction in available resources, monetary losses or other delays in production, environmental damage, potential legal liabilities and damage to the Company's reputation, any of which could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects. These risks are, to a certain extent, aggravated by the fact that the work on the Mandiri Project is carried out by contract artisanal miners who may work for periods of time without direct supervision. The Company may become liable for hazards or harmful events that it has not overseen and cannot insure against or that it may elect not to insure against because of high premium costs or other reasons. The occurrence of an event that is not fully covered, or covered at all, by insurance, could have a material adverse effect on its financial condition and results of operations.	Section 5

Indirect Ownership Risks	The Company's interest in the Mandiri Project is contractual in nature and is based on the Exclusive Operation and Management Agreement that Takmur has with Mandiri. The Company does not have any property or mineral rights to the Mandiri Project and the Company does not have a direct ownership interest in the Mandiri Tenement or the Mandiri Plant. Prospective investors should carefully consider the details of the Exclusive Operation and Management Agreement summarised in Section 11 of this Prospectus. Any unexpected termination of the Exclusive Operation and Management Agreement may have a material adverse effect on the Company's business and put Takmur's interest in the Mandiri Project at risk. Indirect ownership risk includes the risk that in the event of such termination the interests of the Company in the Mandiri Tenement will be adversely affected and the Company may lose all of its rights to exploit zircon from the Mandiri Project in the event the Exclusive Operation and Management Agreement is terminated or otherwise becomes unenforceable.	Section 5
Share Liquidity risk	At the General Meeting held on 13 December 2019, the Company's Shares were consolidated on a one for twenty basis into approximately 18,284,711 Shares (subject to rounding of fractional entitlements). On Completion, the Company will issue a further 245,274,171 Shares (on a post- Consolidation basis). A portion of the shares on issue will be subject to escrow restrictions in accordance with Chapter 6 of section IIA of the Listing Rules. This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be freely tradable for a period of time. If the Company is successful in achieving some or all of its objectives, this relative lack of liquidity may lead to volatility in the price of the Company's securities.	Section 5
Zircon Products' Price Volatility	The revenues the Company will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. The demand for, and price of zircon is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, weather conditions, actions taken by governments and international cartels, and global economic and political developments. Further, prospective investors should note that in 2018, 84% of the sales of Mandiri's zircon was to 3 customers and customer concentration is relatively high. These 3 customers were the CFM Group, headquartered in Spain, Comptoir de Mineraux Premieres, based in France and Euronics Inc, based in Taiwan. Fluctuations in mineral sands prices and, in particular, a material decline in the price of zircon may have a material adverse effect on the Company's business, financial condition, and results of operations. Investors should be aware that decreases in zircon price levels may ultimately affect the viability of exploration activities within the Company's focus areas, which could result in a negative effect on the Company's future cash flow and the viability of potential future projects, which in turn may affect the value of the Company's Shares.	Section 5

Quotation of Shares on NSX and removal from ASX	There is a risk that the Company may not be able to meet the requirements of the NSX for quotation of its Shares on the NSX. Should this occur, the Shares will not be able to be traded on the NSX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be unable to satisfy the requirements of NSX. The Acquisition will not be implemented in the event the Company does not receive conditional approval for re-quotation of its securities on the NSX. In order to be removed from ASX the Company will seek shareholder approval and also must obtain the consent of ASX to the removal under ASX Listing Rule 17.11. The shareholder vote for removal from ASX is scheduled for on or about 24 January 2020 at the Delisting General Meeting and as such the Offers will not be able to be completed until this time. The Company has made a formal application for removal from ASX. ASX has provided in-principle advice stating that it will likely agree to SPB's request for SPB to be removed from the official list of the ASX subject to certain conditions. Subject to receiving shareholder approval, the Company expects that the delisting will occur at the close of trade on or about 6 February 2020. However if the removal is delayed or subject to conditions that the Company is not able to satisfy the Acquisition and the Offers may not be able to be completed.	Section 5

1.6 Financial Information

<table>
<tr><th>Question</th><th>Response</th><th>Section</th></tr>
<tr><td>What will be the financial position of the Company following completion of the Acquisition and the Offer?</td><td>Following the change in the nature of its activities and completion of the Transaction, the Company will be focused on developing the Takmur business rather than focusing on the Company’s current oil and gas exploration and production operations.

Therefore, the Company’s past operations and financial historical performance may not be significantly relevant to future activities.

Key financial information of the Company is summarised in Section 6 of this Prospectus. The financial information, and the Investigating Accountant’s Report detailed in Section 7 of this Prospectus is based on various best estimate assumptions. These assumptions should be read in conjunction with the risk factors set out in Section 5 of this Prospectus.

A selected summary of the Company’s pro-forma consolidated statement of financial position (post-Acquisition) is set out below:

<table><tr><th></th><th>Completion of Public Offer (AU$14,000,000)</th></tr><tr><td>Cash (US$)</td><td>7,145,861</td></tr><tr><td>Net Assets (US$)</td><td>7,691,774</td></tr></table>
As detailed in Section 6, the Company’s historical pro-forma consolidated statement of financial position includes a number of adjustments as if they occurred on 30 June 2019, including but not limited to closure of the capital raising and costs of the Offers, and adjustments for the Acquisition.</td><td>Section 6</td></tr>
<tr><td>How has the Company been performing?</td><td>The historical financial information of the Company as at 30 June 2016, 30 June 2017 and 30 June 2018 is set out in Section 6 of the Prospectus.

The reviewed pro-forma statement of financial position for the Company as at 30 June 2019 is set out in Section 6 of the Prospectus.

Financial information for Mandiri, PT AUM and Takmur is set out at Schedule 1.</td><td>Section 6 and Schedule 1.</td></tr>
<tr><td>How does the Company expect to fund its operations?</td><td>The initial funding for the Company’s future activities following completion of the Transaction will be generated from the Public Offer pursuant to this Prospectus.

The Company may need to raise further capital in the future to continue to develop its business, and such amounts may be raised by further equity raisings, or the Company may consider other forms of debt or quasi-debt funding if required.</td><td>Section 2.13</td></tr>
<tr><td>What are the Company’s forecast prospects?</td><td>The Directors and Proposed Directors are of the opinion that the financial performance of the Company in any period will be influenced by various factors that are outside their control.

Therefore, the Directors have concluded that it is not appropriate to provide any forecast financial information in relation to the Company.</td><td>Section 6</td></tr>
</table>

1.7 Directors and Senior Management

Question	Response	Section
Who will be on the board of Directors?	On Listing, the Company's board will comprise of: • Mr Oliver B. Hasler - Executive Chairman, Chief Executive Officer; • Mr Bakhos Georges - Director; • Mr Alvin Tan - Director; and • Mr Gary J. Artmont - Director. Profiles of each of the directors are provided in Section 10.2.	Section 10.2
Who will be the leadership team and what is their expertise?	The Company will be led by Mr Oliver B. Hasler as the Chief Executive Officer, and senior officers. Following the Acquisition and as at Completion, Oliver B. Hasler will act as the Chief Executive Officer of the Company. The Company management team will also include a Finance and Administration Officer, a Factory and Mining Officer and a Business Development Officer, all reporting to the Chief Executive Officer. Please see Section 10.3 of this Prospectus for further details of Mr Hasler's credentials.	Section 10.3
Upon Listing what will be the Directors' security holdings in the Company and how much will Directors be paid?	The Directors and the Proposed Directors with interests upon completion of the Acquisition are set out below:	Section 10.4

Directors*	Shares Held		Options Held**		Performance Rights***
	Indirectly	Directly	Indirectly	Directly	Directly
Mr. Oliver B. Hasler	-	-	-	-	17,675,376
Mr Bakhos Georges	-	-	-	-	-
Mr. Domenic Martino	3,627,552	-	-	-	-
Mr. Joseph Goldberg	1,196,379	-	-	-	-
Mr. Alvin Tan	795,799	-	-	-	-
Mr. Gary J. Artmont	-	-	-	-	-

* No Directors or Proposed Directors will participate in the Public Offer.
** The Company has 10,750,000 unlisted options (pre-Consolidation) on issue held by Tamarind Classic Resources Private Limited, with an expiry date of 22 February 2023 and an exercise price of AU$0.05. Post-Consolidation there will be a total of 537,500 of these unlisted options with an exercise price of AU$1.00.
*** Mr Oliver B. Hasler will be issued 17,675,376 Performance Rights under the Management Offer subject to the terms of the Stock Incentive Plan. These performance rights can be converted into a maximum of 21,110,195 Shares.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in General Meeting in accordance with the Constitution, the Corporations Act, and the NSX Listing Rules, as applicable. The remuneration of an executive Director will be decided by the Board supported by recommendation of the Remuneration and Nomination Committee, without the affected executive Director participating in that decision-making process.

The Company has also committed itself to remunerating Mr Hasler as executive director and Chairman of the Company from 2019 to 2021 as set out below:

No.	Year	Base Annual Salary (in US$)
1	2019	375,000
2	2020	550,000
3	2021	650,000

In addition to his base annual salary, Mr Hasler will also be entitled to performance bonuses in accordance with the Company's Incentive Plan and, subject to Shareholder Approval, will receive the Performance Rights offered pursuant to the Management Offer.

1.8 Further Details

Question	Response	Section
How do I apply for Shares under the Public Offer?	By submitting a valid Application Form attached to, or accompanying, this Prospectus in accordance with the instructions set out on the Application Form. To the maximum extent permitted by law, an Application by an Applicant under the Offers is irrevocable.	Section 2.3
What is the minimum Application under the Offer?	Applicants must apply for a minimum of 5,000 Shares representing a minimum investment of AU$2,000.00.	Section 2.3
Who can participate in the Public Offer?	The Public Offer is open to all investors with a registered address in Australia and New Zealand and certain other Applicants where that Applicant can prove to the satisfaction of the Company that it may participate in the Public Offer.	Section 2.3
What is the allocation policy?	The Directors have the right to allocate Shares at their discretion and may reject any Application or allocate fewer Shares than an Applicant applies for. If any Application is not accepted, or is accepted in part only, the relevant rejected portion of the Application Money will be returned to the relevant Applicant without any accrued interest.	Section 2.18
Are there any taxation implications?	The taxation implications of investing in the Shares will depend on each Applicant's individual circumstances. Any Applicant should seek their own professional tax advice prior to applying under the Offers.	Section 2.22
What is the Company's dividend policy?	Dividends may be paid subject to the financial performance of the Company. The Company has no present intention to pay any dividends in the near term.	Section 10.4
How can further information be obtained?	If you require assistance or additional copies of this Prospectus, please contact the Company. For advice on the Offers, you should speak to your stockbroker, accountant or other professional financial adviser.	Section 13
Contact details	For contact details, refer to the Corporate Directory.	Page 6

2. Details of the Offers

2.1 The Public Offer

The Public Offer is a public offer of 35,000,000 new fully paid ordinary Shares in the Company at an offer price of AU$0.40 per Share to raise AU$14,000,000.

If the Subscription is not reached within three months after the date of the Prospectus, no Shares will be allotted and Application monies will be refunded as soon as is practicable in full, without interest. In addition, the Company will not be in a position to complete the Acquisition or the Transaction.

2.2 Takmur Offer

The Takmur Offer is an offer of up to 210,274,171 Shares (**Acquisition Shares**) to the Vendors in relation to the Acquisition. On 30 July 2019 the Company and the Takmur Vendors entered into the Share Exchange Agreement, the material terms of which are summarised at Section 11.2 of this Prospectus.

The Company is offering the Acquisition Shares to the Takmur Vendors as consideration for all of the issued capital of Takmur pursuant to the Share Exchange Agreement.

The Takmur Offer is available only to the Takmur Vendors and is not available for subscription to the general public. The reason for issuing these Shares under this Prospectus is so that they are issued under a disclosure document and are therefore not subject to the 12 month on-sale restrictions in section 707(3) of the Corporations Act. The Company notes, however, that a number of these securities subscribed for under the Takmur Offer will be subject to NSX imposed escrow for 12 to 24 months from admission imposed by Chapter 6 of section IIA the NSX Listing Rules.

The Shares to be issued under the Takmur Offer are of the same class and will rank equally in all respects with existing Shares on issue. A summary of the rights and liabilities attaching to Shares can be found in Section 12. Shares will be issued under the Takmur Offer at the same time as those issued under the Public Offer.

2.3 Management Offer

The Management Offer is an offer to grant a total of 17,675,376 Performance Rights enabling potentially a maximum of 21,110,195 Shares to be issued to Proposed Director Mr Oliver Hasler pursuant to the Company Stock Incentive Plan and is subject to Shareholder Approval.

The Company currently provides no long term equity incentive for the Directors and Key Management. Industry trends are providing equity incentives to directors as a means of preserving cash and giving directors a performance related incentive. The Board considers that to incentivise the achievement of the Company's goals the issue of Performance Rights to Mr Hasler under the Stock Incentive Plan is warranted.

Only the Manager may participate in the Management Offer. The issue of the Performance Rights under the Management Offer is subject to the Stock Incentive Plan receiving Shareholder Approval.

2.4 Secondary Trading of Shares

In addition to facilitating the Takmur Offer and sale of the Acquisition Shares, the Prospectus also facilitates the secondary trading of the Trade Creditor Shares.

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months of the date of their issue.

Section 708A(11) of the Corporations Act provides an exemption from this general requirement where:

- (a) the relevant securities are in a class of securities of the company that are already quoted;
- (b) a prospectus is lodged with ASIC either:
  - (i) on or after the day on which the relevant securities were issued; or
  - (ii) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

This Prospectus complies with section 708A(11) of the Corporations Act so that the holders of Trade Creditor Shares and holders of Acquisition Shares issued under the Takmur Offer described above in paragraph 2.2 can, if they choose to, sell those Shares within the next twelve months without disclosure.

The issue of the Acquisition Shares and Trade Creditor Shares was not undertaken by the Company with the purpose of selling or transferring. However, the Directors consider that the holders should be able to sell those Shares, should they wish to do so, without the need for disclosure under Part 6D.2 of the Corporations Act.

2.5 Applications and payment

Applications for Shares under the Public Offer can only be made using the relevant Public Offer Application Form accompanying this Prospectus. The Application Form must be completed in accordance with the instructions set out on the back of the form. Completed Application Forms, together with the full amount of Application Monies payable, may be lodged at any time after the date of this Prospectus but no later than the Closing Date. Please then send your completed Public Offer Application Form to the Company's Share Registry by no later than 5:00pm (AEST) on the Closing Date.

You must apply for a minimum parcel of 5,000 Shares representing a minimum investment of AU$2,000.00. Applications for less than the minimum application of will not be accepted. Applicants applying for additional Shares must apply for Shares in multiples of 1,000 Shares (representing a further investment of AU$400.00). No brokerage, stamp duty or other costs are payable by applicants. Cheques must be made payable to "South Pacific Resources".

Completed Application forms and accompanying cheques must be received by the Company before 5.00pm AEST on the Closing Date by being posted to the following address:

Mailing Address	**Hand Delivery**
South Pacific Resources Limited	South Pacific Resources Limited
C/- Indian Ocean Corporate Pty Ltd	C/- Indian Ocean Corporate Pty Ltd
Level 5, 56 Pitt Street	Level 5, 56 Pitt Street
SYDNEY NSW 2000	SYDNEY NSW 2000

If you are paying by EFT, please email a scanned copy of your completed Offer Application Form to louisa@indianoceancapital.com.

The Company reserves the right to vary the Closing Date without prior notice; which may have a consequential effect on the other dates. Applicants are therefore urged to lodge their Application Forms as soon as possible.

An original, completed and lodged Application Form together with an electronic funds transfer for the Application Monies constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may still be treated by the Company as valid. The Board's decision as to whether to treat an application as valid and how to construe, amend or complete the Application Form is final.

It is the responsibility of applicants outside Australia to obtain all necessary approvals in order to be issued Shares under the Public Offer. The return of an Application Form or otherwise applying for Shares under the Offers will be taken by the Company to constitute a representation by the applicant that it:

- has received a printed or electronic copy of this Prospectus accompanying the form and has read it in full;
- agrees to be bound by the terms of this Prospectus and the Constitution;
- confirms its eligibility in respect of an offer of Shares under the Offers;
- declares that all details and statements in the Application Form are complete and accurate;
- declares that it is over 18 years of age and has full legal capacity and power to perform all of its rights and obligations under the Application Form;
- acknowledges that once the Application Form is returned or payment is made its acceptance may not be withdrawn;
- agrees to being issued the number of Shares it applies for at $0.40 each (or such other number issued in accordance with this Prospectus);
- authorises the Company to register it as the holder(s) of the Shares allotted to it under the Public Offer;
- acknowledges that the information contained in this Prospectus is not investment advice or a recommendation that the Shares are suitable for it, given its investment objectives, financial situation or particular needs; and
- authorises the Company and its officers or agents to do anything on its behalf necessary for the Shares to be issued to it, including correcting any errors in its Application Form or other form provided by it and acting on instructions received by the Share Registry using the contact details in the Application Form.

The Directors do not represent that any Application to participate in the Public Offer will be successful. In relation to the

Public Offer, the Directors reserve the right to issue securities to Applicants under the Public Offer at their absolute discretion. Directors may allot to an Applicant a lesser number of Shares than the number for which the Applicant applies, or to reject an Application under the Public Offer, or to not proceed with the Public Offer. If the number of Shares allotted is fewer than the number applied for, surplus Application Monies will be refunded in full. Interest will not be paid on monies refunded.

Applicants entitled to apply under the Additional Offers will receive personalised Application Forms for completion of their respective Applications. No money is payable by these Applicants.

2.6 Application Money Held in Trust

Application Monies will be held in trust until allotment.

In the event that an Applicant is not issued with Shares in full satisfaction of the Application Monies provided, the relevant Application Monies will be refunded without interest.

2.7 The Offers Are Conditional

The Offers under this Prospectus are conditional upon a number of events occurring, including:

- Shareholders approving the Acquisition and the resolutions interdependent on the Acquisition, such approval having been given at the General Meeting;
- completion of the Acquisition;
- shareholders and ASX approving the removal of the Company from ASX;
- NSX approving the admission of the Company to NSX;
- NSX approving quotation of the Shares; and
- and the Company completing the Public Offer,

(together, the **Conditions**.)

If all of the Conditions specified in the Share Exchange Agreement are not satisfied within three (3) months from the date of the Prospectus, no securities will be issued and Application Monies will be refunded as soon as is practicable in full, without interest.

Shareholder Approval

A General Meeting of the Company was held on 13 December 2019, at which a number of resolutions in connection with the Offers and the Company's Acquisition of Takmur was put to the Shareholders. The Offers pursuant to this Prospectus were subject to and conditional upon Shareholders passing each of the resolutions proposed at the General Meeting.

The relevant resolutions that were passed at the General Meeting are:

- approval of the Acquisition of all the issued capital of Takmur;
- the Consolidation of the Existing Shares on a 20 for 1 basis;
- approval of the issue of Shares pursuant to the Public Offer under this Prospectus;
- approval of change of activities of the Company from oil and gas business to mineral sands operations;
- the election of Proposed Directors;
- the change of the name of the Company from South Pacific Resources Limited to “Pyx Resources Limited”; and
- the approval of a Stock Incentive Plan (and the issue of Shares to proposed Executive Directors).

NSX Approval

The Company is applying for removal from the official list of the ASX and is applying for listing on the NSX.

The Offers are conditional upon the Company and its Shares being approved for quotation on NSX. This condition will be deemed to be satisfied upon the Company receiving a letter from NSX confirming that NSX sees no impediment to the Company and its Shares being quoted on NSX.

Prospective investors should be aware that the NSX will not quote the Shares issued under this Prospectus until such time as the Company complies with the admission requirements of the Listing Rules and shareholders have approved the removal from ASX, and as such there is a risk that the Shares will not be able to be traded for some time and the Company cannot guarantee that the Shares will be publicly traded at all. As such investors should be aware that the Shares may not be allotted at all and, in such case, the Company shall then return any Application Money to the relevant Applicants without interest.

2.8 Minimum subscription

The minimum subscription requirement for the Public Offer is AU$14,000,000, representing the subscription of 35,000,000 new Shares at an issue price of AU$0.40 each (**Subscription**). No securities will be issued until the Public Offer has reached the Subscription. Subject to any extension, if the Subscription has not been achieved within 3 months of the date of this Prospectus, all Application Monies will be refunded without interest in accordance with the Corporations Act.

2.9 Opening and Closing Date of the Offer

The opening date of the Public Offer was 22 November 2019 and the closing date for the Public Offer will be 24 January 2020 unless otherwise extended.

The Directors reserve the right to close the Offer early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so. No Shares will be issued until the conditions to the Acquisition are satisfied.

If the Offers do not proceed, the Share Registry, your Broker or the Company will refund Application Monies.

No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offers.

2.10 Investment Highlights

The Directors are of the opinion that the following are the key highlights of the Public Offer.

Through the acquisition of Takmur:

- the Company will acquire contractual rights to a zircon asset in the Republic of Indonesia;
- the Company's revenue will increase after the Acquisition as a result of production of the Mandiri Project;
- the Company will have the benefit of positive operating cashflow with great upside potential; and
- the Acquisition will substantially increase market capitalization and liquidity for the Company's shares.

Given the extremely positive outlook of zircon supported by global fast-growing demand for high grade zircon combined with current significant supply constraints, focusing on mineral sands projects in Indonesia will bring significant potential to increase shareholders' value.

2.11 Investment Risks

Before deciding to invest in the Company, Applicants should read the Prospectus in its entirety and consider the risk factors that could affect the operating and financial performance of the Company.

This is a speculative investment and investors should refer to, and consider carefully, the Risk Factors outlined in this Prospectus at Section 5 prior to making an investment decision. An investment in the Company therefore involves a number of risks and consequently such an investment must be taken having paid full regard to the risks involved to the security of any capital invested.

Please refer to Section 5 of this Prospectus for more detail on these key investment risks and information on other risk factors which may affect the value of any subscription for securities in the Company based on the operations and business of Takmur and the Mandiri Project.

2.12 Purpose of the Offers

The principal purpose of the Offers is to complete the Acquisition and to raise funds:

1) to ensure the continued viability of the Company's business following the Acquisition of Takmur;

2) for exploration and/or development work programs in relation to the Mandiri Project;

3) for administration and for the costs of the Offers and the Acquisition; and

5) for general working capital.

A summary of the Mandiri mineral sands project is contained in Section 3.9 of this Prospectus and the Geological and Technical Report on the Mandiri Project in Central Kalimantan, Indonesia is contained in Section 8.

2.13 Proposed Use of Funds

The Public Offer will raise AU$14,000,000 before costs.

The funds raised from the Public Offer are currently intended to be used for the purposes as set out in the Section 2.12 above. The following is a summary of the Company's proposed funding and expenditure over next 15 months post Completion of the Acquisition under the Public Offer:

	Use of Proceeds	Amount (AU$)	Percentage (%)
1.	**CAPEX**		
	Heavy Mining Transport Equipment including trucking expenses to transport HMC and zircon product	1,000,000	7.1%
	Mining Field Unit for extraction of mineral sand bearing zircon	4,200,000	30.0%
	Separation Factory Equipment at the Mandiri Plant	1,000,000	7.1%
	Exploration Programs on the Mandiri Tenement	800,000	5.7%
	Total CAPEX	**7,000,000**	**50.0%**
2.	**Disposal costs, Acquisition, and Public Offer expenses including capital raising fees and expenses due diligence and transaction costs, costs of Experts[1]**	**4,000,000**	**28.6 %**
3.	**General working capital / Administrative Expenses[2]**		
	Customer Financing (*)	1,400,000	10.0%
	General operational and administrative costs including employees, accounting, legal and costs of being a listed entity on the NSX	1,600,000	11.4%
	Total general working capital / Administrative Expenses	**3,000,000**	**21.4%**
	TOTAL	**14,000,000**	**100%**

[1] Refer to the 'Disposal costs, acquisition costs and public offer expenses' table below for a detailed explanation.

[2] General working capital may include wages, payments to contractors, rent and outgoings, insurance, accounting, audit, legal and listing fees, other items of a general administrative nature and cash reserves which may be used in connection with any project such as investments and acquisitions, or in connection with any other item in the table above, as determined by the Board at the relevant time.

(*) Provision of credit to customers willing to purchase products via letter of credit arrangements. To date sales of zircon have been made on a cash on delivery spot price basis out of the nearest Port. It may be the case in the future that zircon is sold on a credit basis in accordance with industry practice and this item is considered as a cash cost to the Company. These arrangements will only be entered into if appropriate in the circumstances with regard to the cost/benefit considerations at the time of considering these arrangements. Investors should be aware that this item may not be incurred at all and if it is not then these funds will be applied to the ongoing operational expenses.

The above table is a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors including, but not limited to, the success of the Company's exploration and evaluation programs, as well as regulatory developments and market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

Disposal costs, acquisition costs and public offer expenses	Cost AU$	Cost US$[2]
Investigating Accountants' Report	20,000	13,800
Geologists' Report	41,160	28,400
Legal services	100,000	69,000
Listing and ASIC fees	172,246	118,850
Printing and registry services	45,000	31,050
Capital raising fee (@ 6%) [1]	840,000	579,600
Total estimated costs of the Public Offer	**1,218,406**	**840,700**
Transaction costs (corporate advisory, legal fees, management and introduction fee and Notice of Meeting costs)[3]	2,209,710	1,524,700
Accounting, administration and legal due diligence costs	526,720	363,437
Total estimated Disposal and Acquisition costs	**2,736,430**	**1,888,137**
Contingencies and other costs	45,164	31,163
Total estimated Disposal costs, Acquisition costs and Public Offer expenses	**4,000,000**	**2,760,000**

[1] The Public Offer is not underwritten. Cedrus Investments Limited and Indian Ocean Corporate Pty Ltd are entitled to a fee of 6% of the dollar amount of shares issued to investors as a direct result of their services. The above table reflects the maximum amount payable to Cedrus Investments Limited and Indian Ocean Corporate Pty Ltd collectively, should they procure the entire Public Offer.

[2] Foreign exchange conversion at a rate of AU$1:US$0.69

[3] Advisory and Experts Fees are detailed as follows:

- AUD$1,400,000 to Cedrus Investments Limited as a Procurement and introduction Fee for identifying the Mandiri Project and assisting with the acquisition of Takmur
- AUD$579,000 to Cedrus Investments Limited as an Advisory Fee upon the Acquisition
- AUD$150,000 to Indian Ocean Corporate Pty Ltd as Advisory and Lead Manager Fee
- AUD$30,000 to Stantons International for the Independent Expert for the Notice of Meeting
- AUD$50,000 to CSA Global as the Independent Technical Expert for the Notice of Meeting
- Balance of fees are provision for implementation of the Acquisition and anticipated ongoing costs

Whilst the Proposed Directors are satisfied that upon completion of the Offers, the Company will have sufficient working capital to meet its current stated objectives, investors should be aware that the Company may use and expend its cash reserves more quickly than contemplated.

The Company's actual allocation of funds may change depending on the circumstances in which its business develops and operates. The exact timing of the implementation of any program is also dependent on weather, conditions for drilling and the timely availability of drilling and ancillary equipment as well as government permits and approvals.

The use of further equity funding or share placements (subject to any necessary shareholder approvals) will be considered by the Directors where it is appropriate to accelerate a project.

The Company will provide details of its actual expenditure in its periodic reports and as otherwise required by the NSX Listing Rules

2.14 Capital Structure and Ownership

Should the Acquisition be approved by the Shareholders and, following satisfaction of all other conditions to the Acquisition (including the Consolidation), the Company will issue 210,274,171 Shares (on a post-Consolidation basis) to the Vendors. The effect of the Consolidation, and the issue of the Acquisition Shares is set out in the table below:

Public Offer (35,000,000)	Number of Shares	SPB Ownership (%)
Pre 20:1 Consolidation		
Current SPB Shareholders (pre- Consolidation)	365,694,211	100.00
Post 20:1 Consolidation		
Current SPB Shareholders (post- Consolidation)	18,284,711	6.9
Issued Pursuant to Public Offer*	35,000,000	13.3
Issued pursuant to Takmur Offer	210,274,171	79.8
Total	**263,558,882**	**100.00**

* AU$14,000,000 is the only subscription possible under the Public Offer (ie. Both the minimum and maximum subsection) though the issue of 35,000,000 Shares at AU$0.40 per Shares (post-Consolidation). Following the Acquisition, the Takmur Vendors will in aggregate own 79.8% of the Company's issued Share capital, post the Public Offer.

2.15 Effect on Control

The Company will issue 210,274,171 (79.8%) of the total issued shares of the Company to the Takmur Vendors, and therefore collectively the Takmur Vendors will be in a position to control the Company, however it is noted that the Takmur Vendors are unrelated to each other, except for being shareholders of Takmur.

In particular, both Phoenix Fund Solutions Limited and Takmur SPC Limited will each acquire more than 20% interest in the Company and, with 35.11% and 31.92% ownership respectively, have the ability to block special resolutions proposed by the Company.

2.16 Substantial shareholders

Based on the current shareholders of Takmur and the Company, the substantial shareholders of the Company (being a Shareholder holding in excess of 5% of the Company's issued Share Capital) at completion of the Public Offer are expected to be as follows:

- Phoenix Fund Solutions Limited - 35.10%; and
- Takmur SPC Limited - 31.91%.

2.17 Allotment

Under the current indicative timetable, the Shares are expected to be allotted on 27 January 2020 and holding statements dispatched on 29 January 2020 (such indicative timetable being subject to change without notice).

It is the responsibility of Applicants to confirm the number of Shares allotted to them prior to trading in the securities. Applicants who sell Shares before they receive notification of the number of securities allocated to them do so at their own risk.

If an Application Form is not completed correctly, or if the accompanying payment of the Application Monies is for the wrong amount, it may still be treated as a valid Application. The Directors' shall decide whether or not to treat the Application as valid and how to construe, amend or complete the Application Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the sum of the cheque for the Application Monies.

2.18 Allocation

All decisions regarding the allocation of Shares under the Offers will be made by the Company in consultation with the lead manager, Indian Ocean Corporate Pty Ltd.

The Company reserves the right, in its absolute discretion, to allot the Shares applied for under any Application under the Offer in full or in the event of an over subscription, to scale back any Application, to allot any lesser number or to decline any Application. The Company may in its absolute discretion give preference to certain investors in accepting Applications under the Offer.

Where possible, the Company intends to provide existing investors of the Company with a preference to apply for the Public

Offer taking into account the register and NSX requirements.

2.19 NSX Listing

On 18 December 2019, the Company applied to NSX for the Shares issued under this Prospectus to be admitted to quotation.

If the Shares are not admitted to Official Quotation by NSX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the NSX, 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 NSX may grant Official Quotation to the Shares as not to be taken in any way as an indication of the merits of the Company or the Shares is now offered by the Company.

2.20 CHESS and Issuer Sponsored Holdings

The Company participates in the security transfer system known as CHESS. ASX operates CHESS in accordance with the ASX Settlement Rules. Under CHESS, Applicants will not receive a share certificate but will be issued a statement of holding of shares. The Company will comply with the NSX Listing Rules and the ASX Settlement Operating Rules.

If you are broker sponsored, and you are allocated Shares under the Public Offer, Shareholders will be sent a holding statement. The holding statement will set out the number of Shares issued to you under this Prospectus and provide details of your holder identification number and the participant identification number of the sponsor. If you are registered on the issuer sponsored sub-register, and you are allocated Shares, your statement will be dispatched by the Share Registry and will contain the number of Shares issued to you under this Prospectus and a security holder reference number.

A statement or issuer-sponsored statement will routinely be sent to security holders at the end of any calendar month during which the balance of their security holding changes. Security holders may request a statement at any other time. However, a fee may be charged for additional statements.

If investors have enquiries about these matters, they should contact their broker or NSX.

2.21 Foreign Shareholders

No action has been taken to register or qualify the offer of Shares under this Prospectus, or to otherwise permit a public offering, in any jurisdiction outside Australia and New Zealand.

Offer only made where lawful to do so

The distribution of this Prospectus in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this Prospectus should seek their own advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus (and the accompanying Application Form) does not constitute an offer of, or invitation to subscribe for, securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

Where this Prospectus is available to persons domiciled in a country other than Australia, and where that country's securities code or legislation requires registration, this Prospectus is provided for information purposes only. No action has been taken to register or qualify this Prospectus or to otherwise permit a public offering of Shares outside of Australia.

Hong Kong

WARNING: This Prospectus has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong (the Companies (MISC) Ordinance), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the **SFO**). No action has been taken in Hong Kong to authorise or register this Prospectus or to permit the distribution of this Prospectus or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under the SFO) or in other circumstances which do not result in this Prospectus being a "prospectus" as defined in the Companies (MISC) Ordinance or which do not constitute an offer to the public within the meaning of the Companies (**MISC**) Ordinance or the Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" (as defined in the SFO and any rules made under the SFO). No person allotted the Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

By accepting receipt of this Prospectus, you are deemed to confirm, represent and warrant to the Company that you are a professional investor within the meaning of section 1 of Part 1 of Schedule 1 to the SFO or section 3 of the Securities and Futures (Professional Investor) Rules (Cap. 571D of the Laws of Hong Kong).

Singapore

WARNING: This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

Indonesia

WARNING: A registration statement with respect to the Shares has not been, and will not be, filed with the Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK) of the Republic of Indonesia. Therefore, the Shares may not be offered or sold or be the subject of an invitation for subscription or purchase. Neither this document nor any other document relating to the offer or sale, or invitation for subscription or purchase, of the Shares may be circulated or distributed, whether directly or indirectly, in the Republic of Indonesia or to Indonesian citizens, corporations or residents, except in a manner that will not be considered as a "public offer" under the law and regulations in the Republic of Indonesia.

2.22 Taxation Implications

Applicants should be aware that there may be taxation liabilities arising from the subscription for new Shares and the sale of those securities.

For this reason, it is very important that Applicants consult their own taxation or other advisers in relation to the taxation laws and regulations applicable to their personal circumstances. To the maximum extent permitted by law, the Company and its officers accept no liability or responsibility in respect of any tax consequences connected with an investment in the Company.

2.23 Restricted Securities & Escrow Arrangements

Under the Listing Rules, NSX may determine that securities issued to promoters, seed capital investors and sellers of classified assets have escrow restrictions placed on them. Such securities may be required to be held in escrow for up to 24 months from quotation of the Company's Shares, during which time they must not be transferred, assigned or otherwise disposed of. Each of the Takmur Vendors will enter into restriction agreements as required by NSX.

No Shares issued under the Public Offer will be subject to escrow. However, the Company does expect that certain Shares held or to be issued to the Offerees under the Additional Offers, seed investors and any other related parties of the Company will be subject to escrow. Prior to re-quotation of its Shares, escrowed parties will enter into escrow agreements with the relevant holders in relation to the securities subject to mandatory escrow in accordance with the Listing Rules.

2.24 Underwriting

The Public Offer is not underwritten.

2.25 No Forecasts

The business of mineral sands exploration, appraisal and development is speculative where there are no proved reserves and there are significant uncertainties associated with forecasting revenues and expenses of such operations. Accordingly, the Directors believe that reliable forecasts cannot be prepared and forecasts have therefore not been included in this Prospectus.

3. Company & Project Overview

3.1 Background

The Company is incorporated and domiciled in Australia, and has been listed on the ASX (ASX: SPB) since October 1998. The Company is seeking removal from the official list of the ASX and is applying for listing on the NSX.

The Company is an oil & gas exploration company. It operates and holds a 100% working interest in five petroleum exploration licenses in Papua New Guinea that cover a total area of 11,972km2 in both onshore and offshore settings. Four of these licenses are in the Papuan Basin. They are located close to existing producing oil and gas fields and associated production infrastructure. The fifth is in the Cape Vogel Basin, a lightly explored offshore frontier basin where natural oil & gas seepages have been reported.

3.2 The Acquisition

On 30 July 2019, the Company and the Takmur Vendors entered into a Share Exchange Agreement under which the Company agreed to issue 210,274,171 new Shares to shareholders in Takmur Pte Ltd (on a post-Consolidation basis). The Share Exchange Agreement is further summarized at Section 11.1 of this Prospectus.

The Acquisition will be achieved by the Takmur Vendors transferring all their Takmur shares to the Company in exchange for the Company issuing Shares to the Takmur Vendors in accordance with the terms of the Share Purchase Agreement. The key terms of the Acquisition are as follows:

- SPB will conduct a 20 to 1 consolidation of its existing issued capital. This will reduce the issued capital of the Company to approximately 18,284,711 paid ordinary Shares;
- SPB will acquire Takmur via the issue of 210,274,171 (79.8%) Shares (post-consolidation) to the Takmur Vendors; and
- SPB will seek to raise AU$14 million through the issue of 35,000,000 Shares at a price of AU$0.40 per Share under a prospectus and seek admission to the NSX.

On completion of the Acquisition SPB will change its name to “Pyx Resources Limited”. Additionally, the current Board of the Company, with the exception of Mr Alvin Tan, will resign and be replaced by new Board members. The new proposed Directors are:

- Mr Oliver B. Hasler - Chairman, Chief Executive Officer;
- Mr Bakhos Georges - Non-Executive Director; and
- Mr Gary J. Artmont – Non Executive Director,

(together, the **Proposed Directors**).

Contemporaneous with the Acquisition, the Company also obtained shareholder approval for the disposal of its interest in Indo Pacific Energy Pty Ltd and its subsidiaries.

The Acquisition will result in a change in the Company's activities from an oil and gas exploration and production company to mineral sand exploration and production. Following completion of the Acquisition, the principal activities and assets of the Company will be the current activities and assets of Takmur.

Where relevant, this Prospectus assumes that the Acquisition has been completed and all preconditions to completion have been satisfied.

Further information regarding Takmur can be found below at Section 3.4.

3.3 Corporate Strategy and Objectives

The Company's primary business objective following the completion of the Transaction is to develop the Mandiri Project.

The Acquisition of Takmur by the Company will create the largest mineral sands company in Indonesia, with the ability to capture large potential growth from its zircon operations. The Company will have a strong balance sheet and financials with the possibility of short-term cashflow. The Company aims to be a significant mineral sands player due to the performance from Mandiri Project, and plans to achieve this through continuous production and expansion from the Mandiri Project.

Consistent with this objective, the Company's goals for the near term are:

- to continue extraction and production activities from the Mandiri Project and increase production where economics permit;
- to consider complementary assets in the mineral sands sector;
- to expand into additional targeted geographical markets complementary to the business of theCompany;
- to investigate the development of potential strategic partnerships and/or potential strategic acquisition opportunities in the mineral sands sectors; and
- leverage the skills and expertise of the Company's proposed executive and leadership team.

The Directors consider that the funds to be raised pursuant to the Offers, will provide sufficient capital to achieve the Company's primary business objectives as set out in this Prospectus.

Please refer to Section 2.13 of this Prospectus for a summary of the Company's current proposed funding and expenditure.

The Company may use and expend its cash reserves more quickly than contemplated. Programs of work and budget allocations will be dependent on results and recoveries and as such may be altered or changed as appropriate.

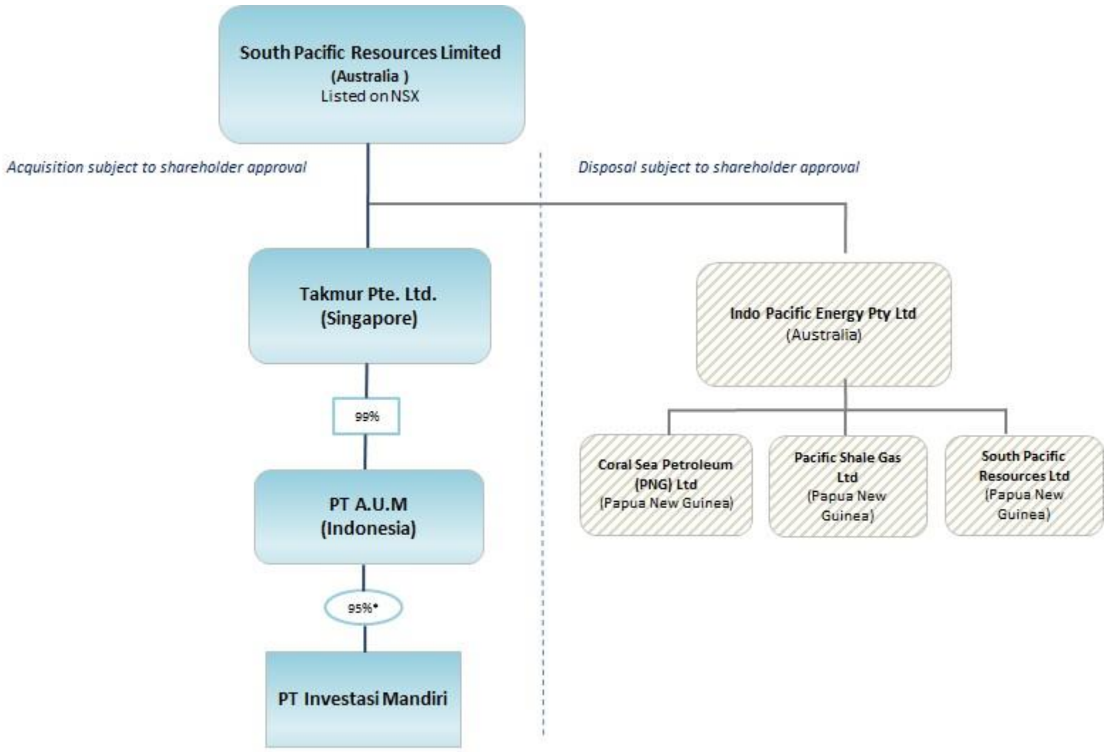
The Company's actual allocation of funds may change depending on the circumstances in which its business develops and operates.

3.4 Company Information

The Company is an Australian company listed on ASX. It is proposed that the Company apply for removal from the ASX and seek admission to the NSX. On completion of the Acquisition, the Company will change its name to "Pyx Resources Limited" and on listing with the NSX, the Company proposes to adopt a new NSX code "PYX".

Following the Acquisition, Takmur will be a wholly owned subsidiary of the Company.

Immediately following the Acquisition and listing on the NSX, the group structure of the Enlarged Company is set out below:



All Subsidiaries are owned 100% unless otherwise noted
** Economic interests through operation and management agreement*

The Company will control its mining operations in Indonesia via Exclusive Operation and Management agreements, summaries of which are contained below at Section 3.5 and further at Section 11 of this Prospectus.

3.5 Mineral Sands Operations of the Company.

Takmur, a wholly owned subsidiary of the Company, has exclusive contractual rights to the operation and management of the Mandiri Project and Mandiri Plant, which includes a premium quality mineral sands target in Indonesia. Takmur's objective is to build value by building premium quality mineral sands projects. The proceeds of the Public Offer will be used to further develop the Mandiri Project.

The Mandiri Project consists of a licensed concession area of 2,032 hectare located in Central Kalimantan Province, Indonesia for mineral sands exploration and premium grade Zircon production and export. The Mandiri Project is located in the Kuala Kurun administration area, within the Gunung Mas Regency in Central Kalimantan and is approximately 170 km North of the provincial capital city Palangkaraya.

On 24 January 2019, PT Andary Usaha Makmur (**PT AUM**), a 99% owned subsidiary of Takmur, entered into an Exclusive Operation and Management Agreement with Mandiri, the holder of IUP-OP zircon production and export license 16/DPE/IX/2010, under which PT AUM has committed to provide mining equipment, technical and management know-how to develop the Mandiri Project. This Exclusive Operation and Management Agreement forms the basis of the Company's interest in the Mandiri Project. The Company does not have a direct ownership interest in the Mandiri Tenement or the Mandiri Plant.

Under the terms of this agreement (further details of which are set out at Section 11 of this Prospectus), Mandiri and its shareholders have delegated to PT AUM:

- the power to determine the financial and operational policy of Mandiri;
- the right to appoint the majority of Mandiri directors; and
- the right to receive 95% of Mandiri's net profit on an annual basis as a compensation for the services provided to Mandiri.

Operations Overview

The Mandiri Plant has been built and is operational. The Mandiri Plant incorporates standard heavy mineral processing equipment in the form of, shaking tables, dryers, electro-static separators and electro-magnetic separators. During 2017 and 2018, Mandiri used its own machinery and equipment, which has the capacity to produce 1,000 tons of zircon per month, for zircon production. From January 2019, Mandiri leased enough machinery from PT CFM Minerals Indonesia for the purposes of the Mandiri Project to produce 500 tons per month. Further details of this lease contract are provided at Section 11.2 of this Prospectus.

In the period from September 2010 and up to December 2016, Mandiri undertook technical and geological analysis in order to determine the tenement areas suitable for HMC extraction and the necessary specifications for the processing plant to produce zircon. In addition, during the same period, Mandiri completed landscape improvement operations to facilitate HMC extraction and sourced appropriate personnel for the Mandiri Project.

Work at the Mandiri Tenement and Mandiri Plant is directly supervised and controlled by Mr Oliver B. Hasler who is responsible for ensuring adherence to best practice and compliance with all licence conditions. Mr Hasler undertakes the supervision with the assistance of a Mining Supervisor and a Factory and Mining Officer who are responsible for the planning of mining operations and direction of the Mandiri Project contract miners (discussed further below).

Controls and supervision were introduced to Mandiri Project operations in January 2019. Prior to this supervision was carried out via verbal agreement between Mandiri and contract artisanal miners. The verbally agreed terms for supervision were subsequently set out in writing in January 2019.

Mandiri's Contract Miners and Security

Mandiri's management and its security unit monitor access to the Mandiri Tenement and a number of strategies are employed so as to mitigate against any interference from non-authorised parties. These include random identification checks and meetings with engaged contractors on a regular basis to ensure compliance with Company standards and adherence to law. Regular inspections are carried out to ensure accurate traceability of feedstock sourcing, compliance of contract miners to the terms of their contracts and to prevent trespassing.

Mandiri's Mineral Sand Extraction, Mining and Separation Process

Mineral sand is extracted from the Mandiri Tenement with diesel pumps which suck soil from shallow ponds into riffle boxes, which results in the concentration of Valuable Heavy Minerals (**VHM**) into a feedstock referred to as Heavy Mineral Concentrate (**HMC**).

HMC is then transported from Mandiri's Tenement to the Mandiri Plant which is located 23 km to the South of the Mandiri Tenement, to obtain zircon sand. Transportation is via truck and this is the responsibility of the contract artisanal miners.

Mandiri has engaged experienced contract miners on the Mandiri Tenement to extract mineral sand; then concentrate the VHM into HMC; and transport HMC from the Mandiri Tenement to the Mandiri Plant. The Mandiri Plant only processes feedstock supplied by its contract miners in compliance with Indonesian mining laws and regulations. Mandiri tracks and measures the amount of HMC obtained by the contract artisanal miners. There is currently no electronic tracking of the ore processed to produce HMC.

Once the zircon product is bagged at the Mandiri Plant, it is transported to Banjarmasin Port and shipped to the customer. Banjarmasin Port is 300km from the Mandiri Plant and it takes 7-8 hours by truck for delivery using well established, paved roads. The customer takes responsibility for the product at the point of shipping and a bill of lading is issued according to standard industry practice. The zircon product is sold free on board or cost, insurance freight from Banjarmasin Port.

The Mandiri Project is currently being exploited through the use of contract artisanal miners. Contract miners are compensated for their labor and expenses based on the tonnage and the Zirconia ($ZrO2$) content of the HMC feedstock delivered to the Mandiri Plant. Contracted miners are not permitted to extract minerals other than HMC from the Mandiri Tenement, nor to retain, sell or dispose of any mineral from the Mandiri Tenement. However, given the gold content of drilling results and concentrate delivered to the Mandiri Plant varies significantly, Mandiri cannot guarantee that the contract artisanal miners are not (illegally) mining for gold. The Technical Report indicates that gold is present in HMS samples, but gold is mostly absent from the HMC delivered to the Mandiri Plant. Mandiri does not yet have in place accurate systems which will effectively monitor contract miners to prevent them from extracting gold from the Mandiri Tenement.

There is also a risk of a lack of historical control and oversight with artisanal mining such that all licence conditions may not have been previously complied with. However, since January 2019 when Takmur became involved with the Mandiri Project it has put in place appropriate measures to ensure that artisanal miners are properly engaged by the holders of the Mandiri Tenement. These risks are discussed further in section 5 and in the Chairman's Letter.

Current management of Mandiri has implemented a series of best practices and controls which will reduce and mitigate any risk of future illegal mining activity on the tenement, and in particular:

- Has ensured that all engagements of contract miners are done exclusively through written agreements, in accordance with local mining laws and regulations;

- Maintains procedural in-bound checks at the processing plant, including CCTV cameras, to ensure HMC feedstock is exclusively sourced from contract miners engaged by Mandiri according to pre-agreed terms and conditions;

- Has set up and maintained regular monitoring of the Mandiri Tenement entry points through regular tenement inspections by Mandiri employees and its security unit, to ensure compliance of contract miners to the terms of engagement and to prevent trespassing by non-authorized persons;

- Has put in place standard control and operational procedures which are implemented on site to enable the stockpiling and disposal of extraction waste and processing waste both at the Mandiri Tenement and at the processing site, in accordance with applicable mining laws and regulations.

Following the processing of HMC at the Mandiri Plant, sand, clay and other materials from the extraction process are stockpiled at the Mandiri Tenement, while leftover black heavy minerals are stockpiled at the Mandiri Plant. These materials are then disposed of in accordance with local mining laws and regulations and in compliance with local environmental regulations.

Key costs of Takmur for its Mandiri Project include:

- direct costs associated with exploration and production of mineral sands from the Mandiri Project;
- employee costs including salaries and related costs of all Takmur and Mandiri employees and contractors;
- transportation;
- taxes and duties; and
- administration and finance costs.

Clean and Clear Status

The IUP-OP held by Mandiri has been declared 'Clean and Clear' by the Minister of Mineral and Energy Resources. It is important to note that holding a Clean and Clear designation does not necessarily guarantee good standing or that the relevant title is indefeasible and prospective investors should refer to the Indonesian Legal Opinions at Section 9 and the specific risks relating to work done on the Mandiri Tenement prior to January 2019 set out in the Investment Overview and Section 5.

In order to obtain a Clean and Clear Certificate an operating entity must prove that they have:

- no outstanding royalty obligations and that all taxes are up to date and fully paid;
- contributed all required funds for rehabilitation obligations to be met;
- fulfilled all applicable exploration and environmental commitments; and
- demonstrated that license areas do not overlap with any protected areas or other companies license areas.

The Directors have evaluated the risk of possible illegal mining activity on the Mandiri Tenement prior to the acquisition of control by current management. In particular, the Directors have considered the risk arising from the activity of artisanal miners on the site extracting and retaining non-zircon minerals and the risk of sourcing HMC feedstock for the processing plant from outside the Mandiri Tenement area.

As with any mining project it cannot be stated with 100% certainty that all activity that has ever occurred on the Mandiri Tenement has been in strict compliance with all applicable law. However the Directors have taken all reasonable steps to determine that mining activity conducted on the Mandiri Tenement has been conducted legally. The Company is of the view that this is supported by the fact that the Mandiri Tenement has been declared 'Clean and Clear' by the Indonesian Ministry of Energy and Mineral Resources with this certification being obtained on 22 September 2014.

During their due diligence, the Directors did not receive any notification from local authorities indicating that Mandiri was part of any legal proceeding concerning illegal mining activities or any other activity that could impact its Clean and Clear Certificate. The Directors have also not received any request for clarification in relation to the sourcing of HMC feedstock for the Mandiri processing plant.

As at the date of this Prospectus, none of the aforesaid licenses, permits and approvals for Mandiri have been suspended, revoked or cancelled. To the best of the Directors' knowledge and belief, the Company is not aware of any facts or circumstances which would cause such licenses, permits and approvals to be suspended, revoked or cancelled as the case may be, or for any applications for, or renewal of, any of these licenses, permits and approvals to be rejected by the relevant authorities.

Prospective Applicants should refer to the Indonesian Legal Opinions contained at Section 9 of this Prospectus for further details and confirmations as to title.

3.6 Sale Process of Mandiri Zircon

To date Mandiri has sold only 65.5 grade zircon sand, in accordance with the terms and conditions of its mining and production license. All product is sold at prevailing spot prices. Mandiri only sells its product directly to customers and there are no sales facilitated by agents or other intermediaries. In 2018, Mandiri's top 3 customers were responsible for 84% of its sales. These 3 customers were the CFM Group, headquartered in Spain, Comptoir de Mineraux Premieres, based in France and Euronics Inc, based in Taiwan.

To date the customer base consists of a pool of diversified and established international organisations with long operating histories including:

CFM Group
CFM Group was founded in 1986 in Castellón (Spain) and provides raw materials and specifically metal oxides. It deals in traditional raw materials distribution but also transforms them using milling equipment and constantly looks for new strategic products with new industrial developments. Zirconium and zirconium flour product is currently CFM's main product. CFM is a global mineral sands processor with operations in Spain, Mexico and Indonesia.

Comptoir de Mineraux Premieres (CMMP)
CMMP is an independent and family owned company founded in 1932. With more than 65 years of experience in the field of industrial minerals, CMMP has developed a comprehensive range of more than 140 products. CMMP has been certified under ISO 9001 since January 2010. CMMP trades and processes in excess of 30,000 tons per annum of mineral sands.

Euronics Inc
Euronics distributes products from Taiwan into China, including ceramics and other products made from zircon. Euronics Inc is one of the largest zircon purchasers in Asia.

The Company does not have in place any off take agreements at the date of this Prospectus but will consider entering into such arrangements if favorable terms can be obtained. All zircon sand sold to date has been sold free on board or cost, insurance freight out of Banjarmasin Port, a medium sized Port on the Barito River which flows directly into the Java Sea.

Mandiri has entered into a contract with one of its customers, PT CFM Minerals Indonesia (**CFM**) whereby Mandiri is obliged to sell up to 200 metric tons of zircon sand product per month to CFM at a 6.5% discount to the prevailing spot price on the condition that CFM supplies working capital of US$125,000 per 100 metric tons. As consideration for the discount CFM has provided favorable terms on leases of machinery that is used by Mandiri.

Further details of the contract with CFM are set out in Section 11.

3.7 Takmur Vendors and Shareholdings

The Takmur Vendors are as follows:

Name	% Holding in Company post-Acquisition	% Holding in Company post-Public Offer
Phoenix Fund Solutions Limited	40.48%	35.1%
Takmur SPC Limited	36.80%	31.9%
Sinowide International Limited	4.97%	4.3%
Unico Holdings Limited	4.97%	4.3%
Sino Ventures Limited	4.78%	4.2%
Total	**92.00**	**79.80**

3.8 Overview of Indonesia

The Republic of Indonesia is a country in Southeast Asia, between the Indian and Pacific oceans. It is the world's largest island country, with more than seventeen thousand islands, and at approximately 1.9 million square kilometres, the 14th largest by land area and the 7th largest in combined sea and land area. With over 268 million people, it is the world's 4th most populous country as well as the most populous Muslim-majority country.

Indonesia has abundant natural resources and continues to be a significant player in the global mining industry, with significant production of coal, copper, gold, tin, bauxite, and nickel. Indonesia also continues to be one of the world's largest exporters of thermal coal.

Indonesia is widely seen as a future economic giant. Its national GDP in 2017 was US$1,015.14 billion, making it the third-largest economy in Asia and eighth-largest economy in the world by purchasing power parity.

Key Economic Indicators of Indonesia

Year	2012	2013	2014	2015	2016	2017	2018E
GDP (IDR trillion)	8,616	9,546	10,566	11,541	12,401	13,612	14,971
GDP (US$ billion)	917.9	912.5	890.5	861.9	-	-	-
Real GDP Growth (%)	6.0	5.6	5.0	4.8	5.0	5.1	5.3
Annual Inflation (%)	3.7	8.1	8.4	3.4	3.2	4.5	4.4
FDI (US$ billion)	21.2	23.3	25.1	19.7	15.8	-	-

Note: IDR denotes Indonesian Rupiah; FDI denotes Foreign Direct Investment
Source: International Monetary Fund, World Bank https://openknowledge.worldbank.org/handle/10986/28391

Due to the country's abundant natural resources, Indonesia is a significant player in the global mining industry with considerable production of coal, copper, gold, tin and nickel. The mining and quarrying sector experienced strong direct investment flows in the past decade.

The depreciation of the Indonesian Rupiah against major currencies since approximately mid-2013 has made investments in Indonesia more attractive to foreign investors. Stabilization in the exchange rates of Rupiah at the beginning of 2017 together with the rebound in commodity prices in general will help to restore investors' confidence in Indonesia's mining sector.

Global mining companies consistently rank Indonesia highly in terms of its coal and mineral prospects, yet assessments of the mining policy regime and the investment climate have not been so positive. There has been limited investment in mining in recent years, and particularly limited investment in greenfield projects.

It is the Company's view that these factors have resulted in opportunities for the Company and the Proposed Directors believe that the Company is well positioned to take advantage following completion of the Transaction.

Replacement of Contract of Work framework

On 12 January 2009, Indonesia's long-standing Contract of Work framework for foreign investment was replaced under the 2009 Mining Law with a new area-based licensing system that is applicable to both foreign and domestic investors and incorporates tendering procedures for granting licenses, with the involvement of local and provincial governments, as well as the central government.

Both the central and regional governments play vital roles in the mining industry, by setting national mining policies, standards, guidelines, and criteria, as well as deciding on mining authorization procedures. Furthermore, the government is actively involved in development, control, evaluation, and conflict resolution in the sector.

Furthermore, the government is actively involved in development, control, evaluation, and conflict resolution in the sector.

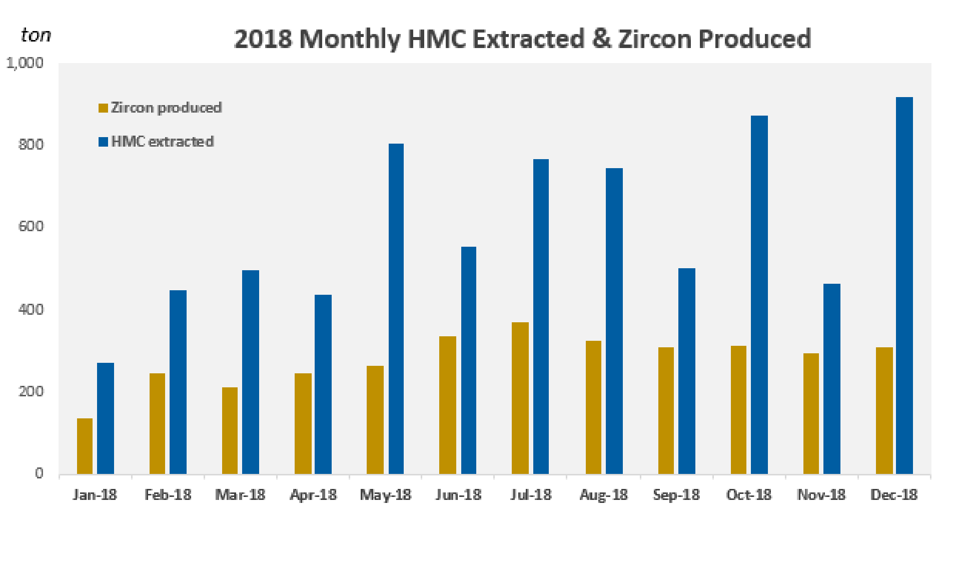
3.9 Mandiri Project Overview

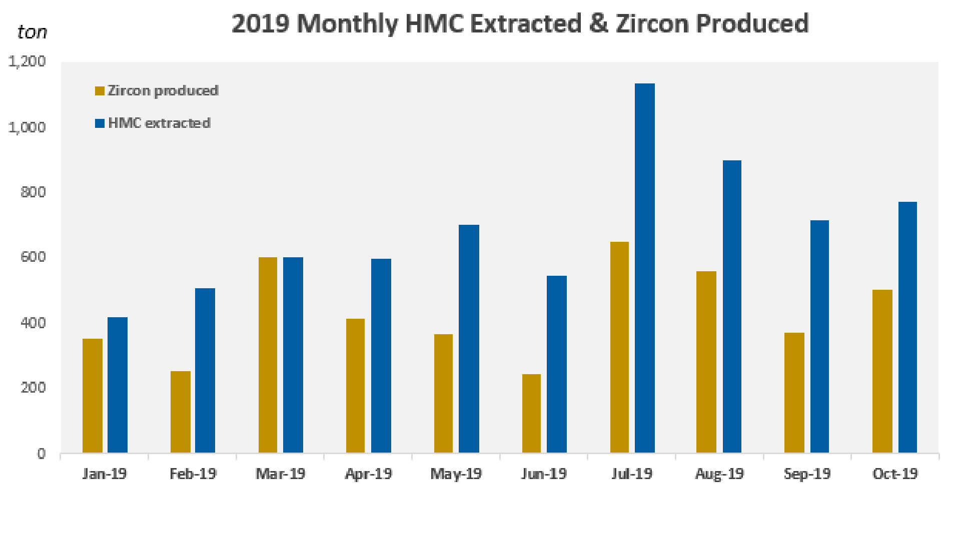
The Company's principal focus will be on the exploitation and exploration of the Mandiri Project located in the province of Central Kalimantan, Indonesia. The Mandiri Project is a fully licensed mineral sand mine which has already started production, having achieved an export volume in excess of 3,000 tons of zircon in calendar year 2018, and with significant upside potential in terms of prospective resources and increase of production capacity. Ultimately, Takmur, through its ownership of Mandiri, aims to become a significant mineral sands player and supply world markets with premium quality zircon, securing an important role in this rapidly growing industry.

The Mandiri Tenement consists of a concession area of 2,032 hectares located in Central Kalimantan Province, Indonesia fully licensed for mineral sands exploration and premium grade zircon production and export. The concession is owned by Mandiri under mining permit IUP-OP No. 16/DPE/IX/2010 issued by Bupati Gunung Mas on 3 September 2010. Mandiri has exclusive rights to perform exploration and mining works in the Mandiri Tenementarea.

In accordance with Indonesian minerals legislation it is a requirement to construct a processing plant in order to obtain an export permit for minerals. Consequently, Mandiri have a heavy mineral sands (**HMS**) processing plant located 23 km south of the Mandiri Tenement that forms part of the Mandiri Project. The plant is currently in operation producing 500 t per month of high-grade zircon product from HMS concentrate purchased from the contract miners operating within the Mandiri Tenement. In 2017 the plant achieved an export volume of approximately 940 tons of zircon and extracted 1,770 tons of HMS from the Mandiri Tenement. In 2018 the plant produced in excess of 3,000 tons of zircon and processed 7,269 t of HMS concentrate derived from the Mandiri Tenement. Approximately 4,300 tons of zircon has been produced from January 2019 to October 2019.

Monthly HM Concentrate extraction from the Mandiri Tenement and Zircon production at the Mandiri Plant





The mineral assemblage of the product from the Mandiri Project is well established and confirmed by certified laboratory analyses required by legislation for export product. Shareholders should refer to Section 8 including the Technical Report and JORC table included as part of that Report for a detailed discussion on the below

Mineralogical composition of a 551t dry weight sample of high grade zircon concentrate from the Mandiri Tenement

Mineral	Weight	Relative %
Zircon	358 t	64.97 %
Mixed ilmenite	104 t	18.87 %
Rutile	13 t	2.36 %
Monazite mix	4 t	0.73 %
Trash	72 t	13.07 %
Gold	1041 g	1.89 g/t
Total	551 t	100.00%

Note: The feedstock sample was obtained via contracted miners who are only engaged for the purposes of extracting Zircon.

The relative percentage of the minerals comprising the mineral assemblage for the Mandiri HMS deposit based on actual production data for a 12 month period from the PTIM processing plant and supported by chemical analysis is consistent with the results of the mineralogical composition of the 551 t sample referred to in Exhibit 10.2. All data used in the above analysis was supplied by PTIM during the actual site visit in January 2019.

Permitting and Licensing

Granting of Mining Business Permit for Production Operations (IUP- OP) to Mandiri was for a total area of 2,032 ha, by Bupati Gunung Mas, No. 16/DPE/IX/2010, on 3 September 2010. The condition of land cover consists of 40% of secondary forest, 30% bush, 15% of community garden, and the remaining 15% is open area which is the location of formermining.

An Indonesian legal opinion is included in this Prospectus at Section 9.

The IUP-OP held by Mandiri is due for renewal on 31 December 2020. For the purpose of the renewing of the license, a submission will need to be made based on Indonesian Law number 23/2014 to the same licensing authority which issued the license, Regency Government Nama Gunung Mas. There are 5 criteria to be evaluated for the purpose of license renewal:

- Administrative;
- Geographic criteria;
- Technical criteria;
- Environmental criteria, and
- Financial criteria.

The conditions of grant including Indonesian taxes and other financial obligation of Mandiri are set out in the IUP. A summary of some of the key provisions are as follows:

- Dead rent is payable to Government of Indonesia at rate of US$4 per hectare per annum.
- Royalty on thermal Heavy Mineral Sand produced is 3%.
- Corporate tax of 25% is payable and set by the Government of Indonesia.
- A withholding tax is payable on interest and dividends. This is set at 5% to 30% for non-resident foundation shareholders, but will increase to 20% for non-resident shareholders who are not foundation shareholders (this rate being relevant to Mandiri).
- Mandiri shall collect, remit and report VAT on the delivery of taxable goods and or service at a rate of 10%.
- Land and building taxes payable to the local government are applicable, at rate of US$0.53 per hectare.
- Environmental obligations including reclamation bonding and plans have been approved by local government as part of the mine approval process.

The development of HMS occurrences in Indonesia consists of obtaining approval from the central government for three progressive stages:

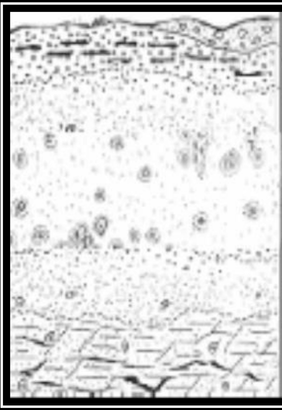
- Exploration stage - to obtain approval for detailed exploration work comprising drilling, sampling, HMS grade analysis, geophysical logging, topography survey and bulk sampling.
- Feasibility study stage - to obtain approval for advance exploration and technical constraint work comprising mine method and design, geotechnical constraint, capex - opex study, financial model, HMS beneficiation study, market analysis, social - culture - environment study. This stage is based on findings from the exploration stage. An environment impact analysis document is also required in the stage as a step towards the production stage.
- Production stage (IUP-OP) - to obtain approval in principal for executing HMS mining operation based on feasibility report and impact analysis document. The IUP-OP was granted to Mandiri in March 2010 and an Indonesian legal opinion on title is included at Section 9 of this Prospectus.

Deposit Type

A first stage of green exploration work which covered Mandiri commenced in November to December 2018 to obtain initial information including 200 meters spacing augering campaign and geology surface mapping work. Due to water interference impacted the holes wall stability; most of augering holes are not touch the basement unit. A full Heavy Mineral Sand stratigraphy sequence is not well understood.

Mandiri heavy mineral sand deposit is generally poorly stratified and contains a fraction of slimers (clay and silt of about 24 to 30%) a various thickness and grade. The heavy mineral bearing sand formation presents reasonably simple targets for the type of exploration. The typical vertical profile of HMS bearing strata is below:

Vertical Profile of Mandiri Heavy Mineral Sand Property



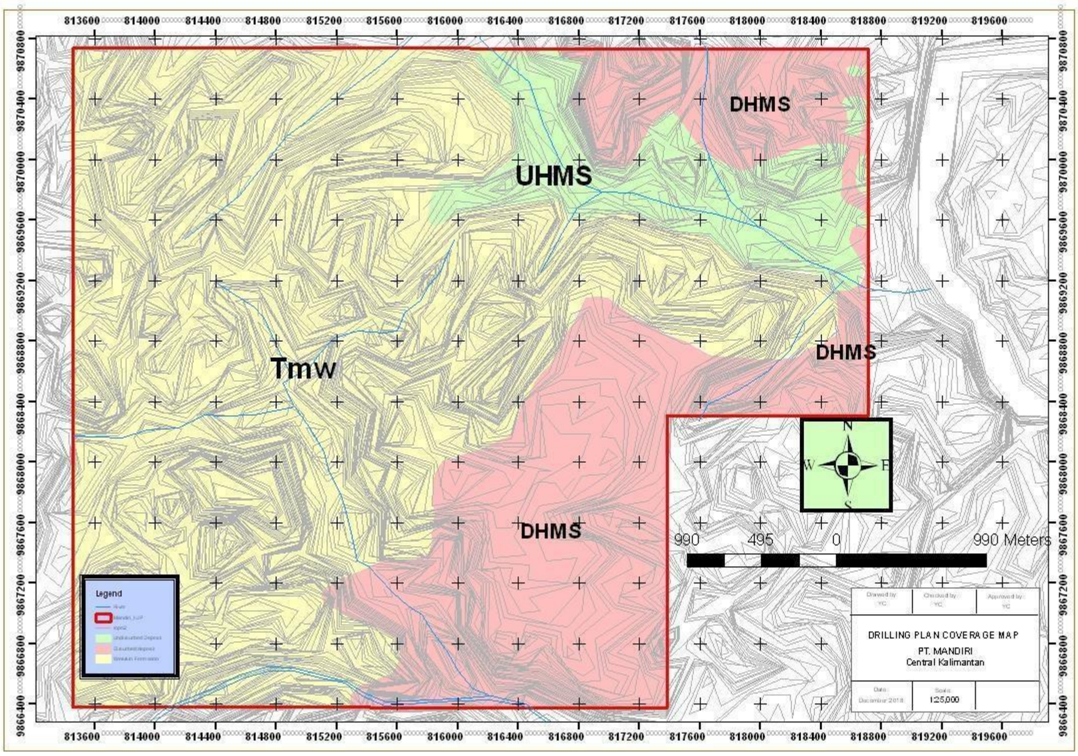
Top Soil	Brown, stiky, root plants,
Sand Strata 1	white sand strata fine grain contain clay and silt fraction, sub angular, moderate sorted, domainted by qz, zr, rutile, leucoxene
Sand Strata 2	white sand strata medium to coarse grain contain clay and silt fraction, sub angular, moderate sorted, domainted by qz, zr, rutile, leucoxene
Sand Strata 3	white sand strata fine grain contain clay and silt fraction, sub angular, moderate sorted, domainted by qz, zr, rutile, leucoxene
Werukin Basement	white sandstone, pale grey mudstone, dark brown carbonaceous mudstone and coal

The heavy mineral sand deposit covers about 760 ha or 37% of the total tenement area. Approximately 78% of 760 ha has been disturbed and is classified as such in the figure below. The disturbed heavy mineral sands deposit is still in basin . The disturbed heavy mineral sands deposit is not eligible to be estimated or included in a resource statement.

Geological Mapping

General geological mapping was commenced in November 2018 over an area of 1,550 hectares. GT applied the best practice of surface geological mapping procedure on flood plain area, which complies with Indonesia National standard (SNI). The technical team commenced work by using handheld GPS and applying tape and compass along the proposed traverse line in grid basis and along creeks and foot-tracks where possible to observe the outcrops. Actual traverse line, point of observation and marking points were properly recorded and saved in bankable data base. The alluvium strata, tertiary sediment unit and structural geology outcrops were treated according to SNI technical procedures. Traverse lines were extended until the boundary of the IUP is defined. The completed Heavy Mineral Sand geology surface map was interpreted for Mandiri deposit and provides the actual Heavy Mineral Sand occurrence boundary.

Geology Map of Mandiri Property



Augering

A blade barrel auger drilling was used extensively for exploration of the Mandiri deposit in November to December 2018. The equipment and methods are fully described in Section 8 below. The number of auger holes drilled in the deposit and the drill spacing for the majority of the Heavy Mineral Sand deposit is shown below;

Mandiri Drilling summary

DRILLING OBJECTIVE	SCHEME	YEAR 2013	
		No. Hole	T. Depth (M)
Deposit Prospecting Drilling			
Auger Hole	200m, 200m	18	91
Re-drill		1	3.6

Resource Tables

Mineral resources within the Mandiri Tenement are set out below. The resources are reported at a lower block cut-off grade of 3% heavy minerals (**HM**) which includes zircon, magnetite, ilmenite and rutile.

Mineral Resources above 3% HM lower block cut-off grade (unrounded)

Area	Category	Tonnage (Mt)	HM (%)	Slimes (%)	Oversize (%)
Mandiri	Inferred	126.3	7.43	8.98	16.14

The Inferred Mineral Resources for the Mandiri HMS deposit on the Mandiri Tenement are defined as 126 Mt containing 7% HM, 9% slimes and 16% oversize at a lower cut-off grade of 2%.

The mineral assemblage for the Mandiri HMS deposit is based on production data from the Mandiri Plant.

Inferred Resources by Lower Block Cut-off grade (Unrounded)

Component	Zircon	Ilmenite	Rutile	Other	Waste + h2o	Total
Relative %	68%	9.5%	8.5%	1%	13%	100%
Contained mineral	6.00 Mt	0.84 Mt	0.75 Mt	0.09 Mt	1.15 Mt	8.82 Mt

Based on the data available, the tonnage of contained zircon, ilmenite and rutile, which together comprise the valuable heavy minerals, is 7.59 Mt.

Resources are given at various lower block cut-off grades of contained HM.

Inferred Resources by lower block cut-off grade (unrounded)

Category	**Cut-off Grade (% HM)**	**Cumul. Tonnage (Mt)**	**HM (%)**	**Slimes (%)**	**Oversize (%)**
Inferred	8	43.3	8.47	9.23	16.42
	7	88.4	7.99	9.18	16.19
	6	112.2	7.70	9.10	16.18
	5	125.0	7.53	9.01	16.25
	4	126.1	7.48	8.99	16.20
	3	126.1	7.44	8.99	16.16
	2	126.3	7.43	8.98	16.14

Note: Mt = million tonnes

There is only minor material less than 2% HM.

Exploration Potential

- Heavy Mineral Sands

The main area for potential mineralisation is below the water table as the auger drilling only tested the alluvial zone above the water table. The deepest auger hole that intersected bedrock was 10 m in depth. It is most likely that an additional resource will be located below the currently defined resource. Testing this zone will require drilling using an air-core mechanised drilling rig.

In addition to the exploration targets below the water table there is the potential for additional HMS mineralisation to be located to the west of the current resources below the younger Werukin Formation.

Potential resources can be termed as an exploration target which is an estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade, relates to mineralisation for which there has been insufficient exploration to estimate a mineral resource.

In the case of the Mandiri Tenement the Exploration Target for HMS within the Mandiri Tenement is in the order of 25 – 30 Mt of sand containing 4 - 7 % heavy minerals.

- Gold

It is not the current intent of the Company to pursue exploration for gold, nor does the Company currently intend to seek any licences to extract or produce gold. Any references to gold is being provided for disclosure purposes only and are merely statements of fact.

3.10 Mandiri Processing Plant

The purpose of the processing is to separate the valuable heavy mineral sand from the non-valuable and lighter gangue that makes up most of the input slurry.

Mandiri has constructed a processing plant located 23 km to the south of the Mandiri Project area. The Mandiri Plant incorporates the standard HM processing equipment in the form of gravity shaking tables, dryers, electro-static separators and electro-magnetic separators.

The current production capacity is in the order of 1,500 tpm.

3.11 Consent

The geological information in this section of the Prospectus is based on information compiled by Continental Resource Management Pty Ltd.

Continental Resource Management Pty Ltd has been engaged by the Company to prepare the Geological and Technical Report in Section 8 of this Prospectus and has consented to the use of the report in this Prospectus.

4. Mineral Sands Sector Overview

4.1 Introduction

Mineral sands is the term given to a group of minerals commonly found and mined together from water or wind concentrated deposits. The principal valuable minerals include ilmenite (Fe.TiO3), leucoxene (FeTiO3.TiO2), rutile (TiO2), zircon (ZrSiO4) and monazite (Ce, La, Th, Nd, Y)PO4. Mineral sands represent less than one per cent of the value of the global resources sector. The principal valuable minerals include ilmenite (FeTiO3), leucoxene (FeTiO3TiO2), rutile (TiO2), zircon (ZrSiO4) and monazite (Ce, La, Th, Nd, Y).

The mineral sands industry consists of two principal product streams: titanium dioxide minerals and zircon. The relative proportion of these minerals varies and are often measured by the assemblage of the mineral sands. In some cases, zircon and titanium minerals are considered as co-products and in other cases zircon is considered as a by-product of titanium minerals production and there are also cases where zircon is the principal product and titanium minerals the by-products.

In addition to titanium dioxide minerals and zircon, heavy mineral sands also contain inclusions of other valuable minerals such as alumina-silicates, magnetite, iron, and tin, as well as occasional inclusions of radioactive elements such as uranium and thorium in small amounts. The relative contents of these minerals vary from deposit to deposit. In recent times, however, monazite has not been regularly sold as a product and stockpiling or returning to pit void, is common. Smaller volumes of garnet and staurolite are sold as niche products for specialised use.

Mineral sands share similarities with other commodity types, such as the importance of quality constraints of iron ore and coal or the importance of physical properties of diamonds. However, they are different to most commodities. The exploration, development, mining and processing of mineral sands is atypical within the resource sector, because at virtually every stage it is possible to visually estimate the grade and composition of the HM and VHM.

4.2 Zircon

Zircon is used as a gemstone for over 2000 years. Today, it is widely used to manufacture cubic zirconia, fibre optic components, refractory coatings, ceramics, dentures and other dental products. Zircon also serves as the primary ore of zirconium metal. Zircon is a major product of the mineral sands industry. In most projects zircon and titanium minerals exist as co-products. An increase in the importance of zircon has resulted from increased demand and the flow on increase in zircon prices in recent years.

Ceramics, precision casting, refractories, catalysts, fuel cells, fibre optics, nuclear power generation, water treatment and medical prosthetics are the main applications of zircon.

Ceramics

Within this sector, zircon is mostly employed as a raw material in the production of ceramic bodies, glazes, enamels, frits and pigments applied to traditional ceramics, which includes wall and floor ceramic tiles, porcelain tiles, sanitary ware, wash basins, tableware, special porcelains and industrial tiles. Around 85% of the total zircon used by the ceramics industry corresponds to tile production. The remaining fraction is distributed between other traditional ceramics like tableware and sanitary ware. Zircon is also used as a raw material in the production of fused and chemically derived zirconia, which is commonly employed in advanced ceramic applications such as such as electroceramics, structural ceramics, pump components and biocompatible devices, as well as advanced technical ceramics such as oxygen sensors and solid oxide fuel cells.

Foundry

Due to its high melting point (2200°C), zircon is widely used in the foundry industry, mostly in the form of sand and flour (milled sand) for casting and refractory applications, particularly in higher temperature applications where maintaining the quality of the surface of the casting is important. The specialized area known as "investment casting" is a growing application for zircon in this industry.

Refractories

The properties that make zircon a valuable material for the foundry industry also make it an attractive choice for the refractory industry, which is one of its core applications. Refractories are materials that are designed to maintain strength, dimensional stability and chemical resistance at high temperature. These are typically made from alumina, magnesia, clays, binders and zircon or zirconia. Zircon and zirconia are used in a wide range of refractory functions, including refractory mortar, firebricks or refractory linings for glass and metal furnaces, as well as fibres, nozzles, slide gates, valves and grouts. Zircon bricks for glass furnaces contain typically 30-40 % zircon, while nozzles, slide gates, filters, and ceramic linings normally employ zirconia up to 94%wt.

Glass

Zircon has found a minor application in the glass sector, where it is commonly used as an X-ray absorber in cathode ray glass tubes for televisions and formerly in computer monitors. Zircon flour not only can absorb the X-rays emitted by the electron gun in the tube, it can also increase the refractive index and toughness of the glass.

Demand for this application has diminished since the arrival of LCD and plasma screens. However, zircon is also used in plasma screens to enable the manufacture of faceplate glass. Zircon content in cathode ray tubes is in the range of 3-5%, while that in LCD and plasma screens ranges between 1-2%.

Zircon and zirconia have also been employed for the production of special glasses for optical and ophthalmic applications, where the addition of these materials provides high refractive indices and increases durability and resistance. Examples include borosilicate glass fibre formulations with 4% zirconia, AR fibre glass with 16-21% zirconia, and other lead-free crystal glasses with ranges of 0.5-17% zirconia.

Zirconia, Zirconium metal and Zirconium Chemicals

Zircon is also used for the production of zirconia, zirconium metal and zirconium chemicals. These are high value and growing applications for which total use of zircon is becoming significant.

There is an increasing number of research groups investigating the properties and advantages of nano-materials and nano-structures for different applications. Zirconium compounds are no exception and are commonly used for constructing nano - structures with novel properties. These novel applications include: ceramics with tunable properties, ultra-high temperature and high wear applications including aerospace, automotive and military applications, dental implants, composite and alloy fabrication technologies.

4.3 Geology

Zircon is formed as a follow-up mineral in rock. In Indonesia, especially Kalimantan, zircon is a deposit that is often found in rivers, land, sea and shore. Other minerals commonly found along with zircon grains include gold, iron oxide, rutile, ilmenite, magnetite pyrite, xenotime and quartz. All of these minerals come from granite rocks that have weathered and transported.

The large majority of deposits are secondary placer deposits (i.e. heavy-mineral sands). These deposits originated when the zircon that was initially developed through early liquid magmatic crystallisation in acidic rocks was lowly eroded by weather and water (weathering) over long geological periods. After weathering, zircon was transported by rivers to the sea shoreline, where it was concentrated through the combined action of maritime currents, wind and waves.

4.4 Mining and Processing

Around 97% of zircon in the world is obtained from heavy-mineral sands mining. This process consists of three main stages: mining, wet concentration and dry separation. Mining can be performed either by a wet mining process (employing floating dredges, typical for unconsolidated deposits), or by dry mining methods (employing scrapers, dozers and excavators, typical for cemented deposits). Dredging involves the processing of large amounts of earth-moving to extract zircon and other valuable minerals from a water pond. Dredging consists of a floating dredge cutting the ore under the surface of a pond and pumping the ore slurry to a wet concentrator floating in the same pond.

The wet concentration process, which is employed to produce a high-grade heavy mineral concentrate (85-95% HMC) involves the use of a gravity circuit to separate the valuable heavy mineral sand from the non-valuable and lighter gangue that makes up most of the input slurry. The input slurry is first passed through a series of hydro-cylones which remove very fine particles (usually of less than 63 mm, mostly clay), which are sent to a fines thickener where they mix with the quartz sand tails and are subsequently pumped to the mining void. An alternative route is to send the thickener underflow to a solar evaporation pond where dried clay can be recovered.

The underflow from the hydrocyclones is sent to a constant density (CD) tank which subsequently pumps it into the wet concentration process distributors above the primary spirals. Afterwards, the material is passed through the gravity separation circuit consisting of several spiral banks (between four and six stages: primary or rougher spiral stage, middlings stage, cleaner spiral stage, re-cleaner and scavenger stages). In this process, the heavy mineral is effectively separated from the lighter gangue minerals, mostly quartz sand. An optional magnetic separation step can be added at this point to separate magnetic ilmenite through the use of wet high intensity magnets.

The final heavy-mineral concentrate is stockpiled and drained before being transferred to a secondary concentration process or mineral separation plant. Residual sand is pumped into the mining pit, while process water from cyclone stackers and the solar evaporation dam is recycled to a clean water dam where it can be used again in the wet concentration process.

The heavy mineral concentrate obtained from the wet concentration process might be subjected to attritioning in order to increase separation efficiency by cleaning the mineral surface prior to electrostatic separation. Additionally, the mineral concentrate might be subjected to a secondary concentration process in which fine quartz and other non-valuable minerals are removed to achieve heavy mineral grades of up to 98%. Following these steps, the concentrate is sent to a final mineral separation and zircon finishing process, where zircon is separated from ilmenite, rutile and leucoxene (HyTi), as well as from other non-valuable minerals. This process uses an array of screening, magnetic, electrostatic and gravity separation circuits to achieve zircon's separation.

Ilmenite is separated through magnetic separation, while non-magnetic minerals are sent to a primary electrostatic separation circuit where non-conductor materials are separated from conductor minerals. The former are sent to a gravity separation circuit where zircon is separated due to its high specific gravity and subsequently sent to an additional electrostatic separation circuit to remove residual conductors. Zircon's last separation stage involves the use of an air table to remove fine quartz and residual kyanite. An optional configuration may involve zircon leaching to remove potential iron oxide coatings to improve the overall quality of the product. Conductor materials follow an additional electrostatic separation circuit where secondary ilmenite, rutile and leucoxene are obtained.

4.5 Demand & Supply and Price Volatility

The main sources of zircon are from Australia and South Africa, other producing countries include Mozambique, Senegal, India, Vietnam, China and Indonesia.

Global zircon supply features the significant inventory depletion in recent years. The peak production level was in 2011 with more than 1.6 Mt. Production fell dramatically over the next couple of years, to just over 1 Mt in 2013, subsequent years have seen increases.

The Company is of the opinion that 2020 will be a crucial year as the market balance from previous years of over supply (partially due to excess inventory depletion along the supply chain, both as work-in-progress and finished product) and the need for new supply to support demand. Existing producers' mines are generally mature. Supply in 2020 is expected by the Company to be tight as global demand is expected to be greater than mine production rates.

Overall, supply has been restricted by mine closures, declining grades and depleted stockpiles. Moreover, concentration of production from top 5 producers Iluka Resources Limited, Tronox Limited, Rio Tinto, Kenmare Resources plc and TiZr Limited (over 70%) gives producers substantial control of the market and price.

On the demand side, the Company is of the view that increasing demand from urbanization is expected globally. The European ceramics industry is benefitting from growth in domestic and export markets while industrial activity in US and Japan is delivering growth in refractory and foundry applications. The overall zircon demand and consumption in Asia-Pacific region is expected by the Company to be stable, as Chinese consumption is balanced by the impact of environmental closures, limiting production from 2018 and Indian and South-East Asian tile makers are penetrating traditional Chinese ceramic export markets.

Throughout 2018 and into 2019 there has been an increase in zircon exports from Indonesia, and there is scope for further production from this region. It is estimated that Indonesian exports have increased from average levels of ~2,500 tonnes per month during 2017 to ~4,400 tonnes per month in May 2018 with increased mining activity in Kalimantan.

The existing mineral sands mines in Indonesia are at varying stages of maturity and production and some of them can be expected to decline in the years ahead, meaning that new, replacement capacity will be needed to support existing and incremental demand.

5. Investment and Business Risk Factors

There are a number of risks and uncertainties, both specific to the Company and of a general nature, which may, either individually or in combination, affect the future operating and financial performance and/or financial position of the Company, its prospects, and/or the value of the Shares. Many of the circumstances giving rise to these risks are beyond the control of the Company, its Directors and management.

This section describes certain general and specific areas that the Company believes to be the key risks associated with an investment in the Company and its operations on completion of the Transaction.

Investors should specifically consider the factors contained in this section in light of their own investment objectives and financial circumstances, and should consider seeking professional advice from their accountant, stockbroker, lawyer or other professional advisor before deciding whether to invest in Shares.

Prospective investors should note that this section is not an exhaustive list of the risks associated with an investment in the Company and it should be considered in conjunction with other information disclosed in this Prospectus. Additional risks and uncertainties that the Company is unaware of, or that it currently does not consider to be material, may also become important factors that may have an adverse effect on the Company's future financial performance and financial position.

There can be no guarantee that the Company will achieve its stated objectives, that forecasts will be met or that forward-looking statements will be realised. In addition, the price of securities may rise or fall and the prices at which Shares are traded may be above or below the offer price of AU $ 0.40 for each new Share pursuant to the Public Offer.

Prior to deciding whether to invest in the Company, potential investors should read the entire Prospectus and consider at least the following risk factors in light of their personal circumstances and investment objectives (including financial and taxation issues) and seek professional advice from their accountant, stockbroker, lawyer and other professional adviser.

The operating and financial performance and position of the Company, the value of Shares and the amount and timing of any dividends that the Company may pay will be influenced by a range of factors. Many of these factors will remain beyond the control of the Company and the Directors. Accordingly, these factors may have a material effect on the Company's performance and profitability which may cause the market price of Shares to rise or fall over any given period.

This section identifies the areas the Directors regard as major risks associated with an investment in the Company. This list is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

5.1 General

Shareholders should be aware that if the Acquisition proceeds, the Company will be changing the scale and nature of its activities to that of a mineral sands company which is subject to various risk factors including the risk that investors may lose some or all of their investment. Based on the information available, a non-exhaustive list of risk factors are as follows.

General economic conditions

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, supply and demand of capital and industrial disruption have an impact on business costs, commodity process and stock market prices. The Company's operating costs, possible future revenues and future profitability can be affected by these factors, which are beyond the control of the Company

The price of commodities and level of activity within the mining industry will also be of particular relevance to the Company.

Legislative Change

Indonesia has seen much change in its regulatory environment in recent history and further changes in government regulations and policies may adversely affect the financial performance or the current and proposed operations generally of the Company. The Company is not aware of any current or proposed material changes in relevant regulations or policy.

Unforeseen Expenses

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

Share 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, general economic outlook, interest rates and inflation rates, currency fluctuations, changes in investor sentiment toward particular market sectors, the demand for, and supply of, capital and terrorism or other hostilities.

Reliance on Key Personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

Share Liquidity risk

At the General Meeting held on 13 December 2019, shareholders approved the consolidation of the Company's Shares on a one for twenty basis into approximately 18,284,711 Shares (subject to rounding of fractional entitlements). On Completion, the Company will issue a further 245,274,171 Shares.

A portion of the shares on issue will be subject to escrow restrictions in accordance with Chapter 6 of section IIA of the NSX Listing Rules. This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be tradable freely for a period of time. Conversely, if the Company is successful in achieving some or all of its objectives, this relative lack of liquidity may lead to volatility in the price of the Company's securities.

Quotation of Shares on NSX

The Transaction constitutes a significant change in the nature and scale of the Company's activities. The Company will seek listing on the NSX. ASX has advised that it will remove the Company from the ASX upon listing on the NSX.

There is a risk that the Company may not be able to meet the requirements of the NSX for quotation of its Shares on the NSX. Should this occur, the Shares will not be able to be traded until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does comply with the NSX Listing Rules.

There is also a risk that ASX may not consent to the removal of the Company or that Shareholders may not approve the removal. The Company has considered these risks and regards it as unlikely that either of these occurrences eventuate given the discussions that the Company has held with the relevant parties to date.

In the event the Company does not receive conditional approval for quotation of its securities on NSX and Shareholders do not approve the removal from ASX, the Acquisition will not be implemented.

Future Capital Needs

The Company's ability to effectively implement its business strategy will depend in part on its ability to generate income from its operations, and/or to raise additional funds. The need and amount for any additional funds required is currently unknown and will depend on numerous factors related to its current and future activities (including any future acquisitions).

There can be no assurance that funding will be available on satisfactory terms or at all. Any inability to obtain finance will adversely affect the business and financial condition of the Company and its performance. If required, the Company would seek additional funds through equity, debt or joint venture financing.

If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a pro-rata basis to existing shareholders, the percentage ownership of shareholders may be reduced. Shareholders may experience subsequent dilution. There can be no guarantee that any capital raisings will be successful If the Company is unable to obtain additional financing as needed, it may result in the delay or indefinite postponement if the Company's activities.

Mining licenses frequently contain government- mandated capital, social and other such commitments which must be met by the license holder in order to maintain the license. Annually set capital commitments are the norm for such licenses. If the Company cannot secure funding for these commitments (either through internal cashflow, equity, debt, Joint Venture financing or other mechanisms), the license may be at risk.

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 Enlarged Company and the value of the Company's securities.

5.2 Specific Risks Related to the Company's Foreign Operations

On completion of the Transaction, the Company's initial operations will predominantly be in the Republic of Indonesia whose economy is subject to many global and internal forces beyond the control of the Company. The Company and its operations may be impacted by changes in the general economic and political climate in the jurisdictions in which the Company operates. Fluctuations in economic growth, the reformation of government structure or industry, commodity prices, interest rates, rates of inflation, taxation and tariff laws and domestic security may affect the value and viability of any mineral sands activity conducted by the Company.

Operating in foreign countries has inherent risks which may impact adversely on the financial position, financial performance, cash flows, growth prospects, ability to pay dividends and the share price of the Company.

Changes in government policies

Industry is subject to the policies which are implemented by the relevant governments from time to time. These policies may have a material impact on the business of the Company. These governments may, for instance, withdraw subsidies or forms of preferential treatment such as tax benefits or favourable financing arrangements.

Foreign Investment Regulation in Indonesia

The Indonesian regulatory regime in relation to foreign investments imposes certain restrictions on the acquisition by foreign investors of direct or indirect interests in Indonesian companies, including offshore loan regulations and repatriation of funds. Changes in the regulatory regime could consequently have a material adverse effect on the Company's business and financial condition.

Economic considerations

It is unclear how future economic reforms and macroeconomic measures to be adopted by governments will affect the development of a country's economy. Further, there can be no assurance that such measures will be applied consistently and effectively or that the Company will be subject to such reforms. The business of the Company may be adversely affected by any reform.

Investment in Emerging Markets

The Indonesian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world, and, generally, investing in emerging markets such as Indonesia involves greater risk than investing in more developed markets, including in some cases significant legal, economic and political risks. Investors should also note that emerging markets such as Indonesia are subject to rapid change. Global financial or economic crises in any large emerging market country tend to adversely affect prices in equity markets of most or all emerging market countries as investors move their money to more stable, developed markets.

As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Indonesia and adversely affect the economy. In addition, during such times, businesses that operate in emerging markets can face severe liquidity constraints as foreign funding sources are withdrawn.

Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Potential investors are urged to consult with their own legal and financial advisors before making an investment in the Company.

Environmental Regulation and Risks

The Company's operations and projects are subject to the laws and regulations of all jurisdictions in which it has mineral interests and carries on business, regarding environmental compliance and relevant hazards.

These laws and regulations set standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards. They also establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted.

Significant liability could be imposed on the Company for damages, clean-up costs, or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of property acquired by the Company, or non-compliance with environmental laws or regulations.

The Company proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations and where possible, by carrying appropriate insurance coverage. There is also a risk that the environmental laws and regulations may become more onerous, making the Company's operations more expensive.

Climate Change Risk

The Company identifies climate change and climate change regulation as strategic risks that ultimately may affect the Company's operating and financial performance. There are a number of climate-related factors that may affect the Company's business or its assets. Climate change or prolonged periods of adverse weather and climatic conditions (including rising sea levels, floods, hail, drought, water, scarcity, temperature extremes, frosts, earthquakes and pestilences) may have an adverse effect on the Company's ability to access and utilise its tenements and/or on the Company's ability to transport or sell mineral commodities. Changes in policy, technological innovation and consumer or investor preferences could adversely impact the Company's business strategy or the value of its assets, including its tenements, or may result in less favourable pricing for mineral commodities, particularly in the event of a transition (which may occur in unpredictable ways) to a lower-carbon economy.

Expropriation, Nationalism and Commercial Disputes

On completion of the Transaction, the Company's assets will be located primarily in Indonesia which is an emerging market country. Consequently, the Company's assets and income will be subject to certain political, economic and other uncertainties, including the risk of expropriation, nationalisation and commercial disputes.

Indonesia has been seeking to develop a value added downstream sector including the requirement for domestic processing and refining, bans on the export of unprocessed ores, use of local content, domestic market obligations and staged divestment to local parties. These laws and regulations may result in sub-optimal outcomes for the Company and the Mandiri Tenement, and there is the possibility that the Indonesian legislation and regulations currently applicable may become more nationalistic to the detriment of the Company.

While legislation exists in Indonesia that would require the payment of compensatory amounts in the event of an expropriation or nationalisation of assets, there is no assurance that such protections could be enforced and the amount of any such compensation may be lower than the price for which the expropriated asset could be sold in a free-market sale or the value of the asset as part of an ongoing business. Any expropriation or nationalisation of the Company's assets in Indonesia may have a material adverse effect on the Company's financial position and results of operations.

Commercial disputes arise in Indonesia as they do in most jurisdictions. Foreign owned Indonesian companies may face local commercial pressures and legal challenges to asset ownership and value which are time consuming, costly and disrupt harmonious business relationships.

While legislation exists in Indonesia to protect commercial rights, there is no assurance that such protections could be enforced and commercial settlements may be lower than the price for which disputed assets could be sold in a free- market sale or the value of the asset as part of an ongoing business. Any commercial disputes regarding the Company's assets in Indonesia may have a material adverse effect on the Company's financial position and results of operations.

Legal considerations

Statutes, regulations and government policies are subject to change from time to time, as is the interpretations of statutes and regulations and the application of policy. Such uncertainties may affect the Company's operations and accordingly, its profitability.

Foreign investment requirements

Many governments have foreign exchange controls which need to be considered as far as repatriation of funds to Australia and elsewhere is concerned. These controls may have an adverse effect on the financial position, financial performance, cash flows, growth prospects, ability to pay dividends and the share price of the Company.

Challenges to the ownership or nature of titles and other rights

The Company may potentially be exposed to challenges to the ownership or nature of titles and other rights by its partners, government authorities or third parties.

Devaluation or appreciation of currencies

The external value of the various currencies is affected by changes in policies of the government and to international economic and political developments. In addition, financial markets in Indonesia have in the past experienced severe volatility. As a result, the Indonesia currency (IDR) have been subject to significant devaluation from time to time. Movements in the value of currencies could have an adverse effect on the Company's operations and accordingly its profitability.

Timing considerations

It may take many years to get from a discovery to production of a mineral sands asset. As such, there is a risk that the initial investment involved in discovery will not get to the exploitation stage. Such uncertainties as to timing may affect the Company's operations and accordingly its profitability.

Indonesia Legal and Regulatory Framework and Taxation Risks

Indonesian tax laws, regulations and court practice are subject to frequent change, varying interpretations and inconsistent and selective enforcement. Tax audits or inspections may result in additional costs to the Company if the relevant tax authorities conclude that the Company did not satisfy its tax obligations in any given year.

Such audits or inspections may also impose additional burdens on the Company by diverting the attention of management resources. The outcome of these audits or inspections could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

If tax authorities and/or courts adopt a different interpretation of various tax laws and regulations from that followed by the Company and its legal and tax advisors, the Company may have to pay taxes of a different type and quantum anticipated. This could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

Indonesia also imposes restrictions in export of raw minerals. A minimum 65.5% grade of zircon is required to meet export requirements. Given that the legal and regulatory framework for mineral industry is subject to major changes in the past in Indonesia, there are risks for investors where it is possible that the future change in regulation could bring material challenge to the Company, and additional taxes imposed or found to be in conflict with other local laws and regulations.

International Operational Risk

International operations are subject to a wide variety of uncertainties including (but not limited to) political, economic and other risks which may include terrorism, revolution, border disputes, and expropriation.

Following the Transaction, the Company will conduct operations in the Republic of Indonesia. The Republic of Indonesia is a developing country and may be subject to instability (political, economic, or otherwise). Risks include, among other matters:

- economic instability;
- trade barriers or the imposition of taxes;
- changes in the regulatory environment;
- changes in mineral sands exportation and transportation regulations;
- imposition of additional obligations/restriction on foreign investors;
- difficulties with staffing and/or managing any foreign operations;
- issues or restriction on the free transfer of funds;
- technology export or import;
- delays in dealing across borders caused by customers or governmental agencies;
- local currency devaluations; and
- nationalisation or expropriation of the Company's
- assets.

As such, investors are advised to be aware of the risks of investing in the Company given its operations in these areas.

Physical Infrastructure

Whilst Indonesia continues to invest in improving its physical infrastructure, certain elements remain in poor condition, which may lead to interruptions in effective financial and economic activity. Particularly affected are parts of the rail and road networks, power-generation and transmission networks, communication systems and building stock. This poor physical infrastructure potentially disrupts the transportation of goods and supplies as well as communications and adds costs to doing business, which could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

Corruption in Indonesia

The local and international press has reported that high levels of corruption exist in Indonesia. The demands of corrupt officials or potential future claims that the Company has been involved in official corruption could result in negative publicity or disrupt its ability to conduct its business effectively, which could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

5.3 Specific Risks Related to the Industry and Operations

Risks of previous non-compliance on Mandiri Tenement

Investigations of the Company into the current practices of Mandiri and feedback from the Technical Expert, Continental Resource Management Pty Ltd, indicates that there has been a history of artisanal mining on the Mandiri Tenement.

The Technical Expert has identified that artisanal mining prior to January 2019 is likely to have been for gold and that artisanal miners were selling HMC as a by-product of this gold extraction. The IUP-OP over the Mandiri Tenement only permits the extraction and sale of zircon and as such there is a risk that this condition was not complied with prior to January 2019.

There is a risk that where historical artisanal mining has occurred, a lack of control and oversight exists over operations and, as a result, a risk that all licence conditions have not always been complied with. Prospective investors should be aware of these risks and should consider the appropriateness of making an Application in this context as a breach of conditions may result in fines, penalties or forfeiture.

Mining Safety

The Company's current and future mining operations are, and will continue to be, subject to risks and hazards inherent in the mining industry. Hazards associated with mining include (but are not limited to): (i) discharges of gases and toxic chemicals; (ii) flooding; (iii) accidents and injuries; (iv) over-exposure to airborne pollutants; (v) over-exposure to noise; (vi) other human health hazards associated with operating in extreme climatic conditions, such as heat-exhaustion; and (viii) other conditions resulting from processing of material associated with mineral sands mining.

As at the date of this Prospectus, there have been no significant injuries or incidents at the Mandiri Project. However, occurrence of one or more of these events may result in the death of, or personal injury to, personnel, the loss of mining equipment, damage to or destruction of mineral properties or production facilities, reduction in available resources, monetary losses or other delays in production, environmental damage, potential legal liabilities and damage to the Company's reputation, any of which could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

These risks are, to a certain extent, aggravated by the fact that the work on the Mandiri Project is carried out by contract artisanal miners who may work for periods of time without direct supervision. The Company may become liable for hazards or harmful events that it has not overseen and cannot insure against or that it may elect not to insure against because of high premium costs or other reasons. The occurrence of an event that is not fully covered, or covered at all, by insurance, could have a material adverse effect on its financial condition and results of operations.

Indirect Ownership Risks

The Company's interest in the Mandiri Project is contractual in nature and is based on the Exclusive Operation and Management Agreement that Takmur has with Mandiri. The Company does not have any property or mineral rights to the Mandiri Project and the Company does not have a direct ownership interest in the Mandiri Tenement or the Mandiri Plant. Prospective investors should carefully consider the details of the Exclusive Operation and Management Agreement summarised in Section 11 of this Prospectus.

Any unexpected termination of the Exclusive Operation and Management Agreement may have a material adverse effect on the Company's business and put Takmur's interest in the Mandiri Project at risk.

Indirect ownership risk includes the risk that in the event of such termination the interests of the Company in the Mandiri Tenement will be adversely affected and the Company may lose all of its rights to exploit zircon from the Mandiri Project in the event the Exclusive Operation and Management Agreement is terminated or otherwise becomes unenforceable.

Exploration and Development Risks

The business of mineral sands exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Notwithstanding the experience, knowledge and careful evaluation a company brings to an exploration project, there is no assurance that economically viable mineral sands resources will be identified. Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude the Company from successfully exploiting the resource.

Ultimate and continuous success of exploration and development activities is dependent on many factors such as:

- the discovery and/or acquisition of economically
- recoverable reserves;
- access to adequate capital for project development;
- design and construction of efficient development and production infrastructure within capital expenditure budgets;
- securing and maintaining title to interests;
- obtaining consents and approvals necessary for the conduct of mineral sands exploration, development and production;
- securing suitable plant and equipment, particularly given equipment utilisation rates are high in the current period of global exploration/production activity, hence competition for such equipment may also be high; and
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and establishment of production facilities. Factors including costs, actual mineral sands resources, grade, transportation and reliability and commodity prices affect successful project development and operations.

Exploration and production activities carry risk as such activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of drilling rigs or other equipment.

Mineral sands exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosions, industrial disputes, cave-ins, unexpected shortages or increases in the cost of consumables, spare parts, plant and equipment, mechanical failure and breakdown, blow outs, environmental hazards such as accidental sour gas releases and spills, ruptures, discharge of toxic gases or geological uncertainty. The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, clean up responsibilities, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

There is no assurance that any exploration on current or future interests will result in the discovery of an economic deposit of mineral sands. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

In addition, the Company will be subject to multi-jurisdictional compliance with governmental regulations in relation to license conditions, the environment and operational conduct.

Exploration Costs

Exploration expenditure estimates are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

Operational risk

The Company and operations may be affected by a range of factors. These include failure to achieve predicted grade in exploration, mining and processing, technical difficulties encountered in commissioning and operating plant and equipment, mechanical failure, metallurgical problems which affect extraction rates and costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, unexpected shortages or increase in the costs of consumables, spare parts, plant and equipment.

Unforeseen geological, geotechnical or operational difficulties could also cause a loss of revenue due to lower production than expected, higher operating and maintenance costs and/or ongoing unplanned capital expenditure to meet production targets. Any such geological conditions may adversely affect the Company’s financial performance.

A failure to obtain access (whether under a contractual arrangement or otherwise) to an adequate supply of capital equipment or consumables for use in the Company’s operations could disrupt operations at the Mandiri Tenement, reduce production rates and increase costs.

Additionally, while Mandiri currently tracks and measures the amount of HMC obtained by contract artisanal miners, there is currently no tracking of the ore processed to produce HMC. Failure to track parcels of ore may lead to failure to optimize plant operations and logistics thereby increasing costs and reducing profitability.

Mineral Sands Products Price Volatility

The revenues the Company will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company.

The demand for, and price of mineral sands is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, weather conditions, actions taken by governments and international cartels, and global economic and political developments.

Fluctuations in mineral sands prices and, in particular, a material decline in the price of zircon may have a material adverse effect on the Company's business, financial condition and results of operations.

Investors should be aware that decreases in zircon price levels may ultimately affect the viability of exploration activities within the Company’s focus areas, which could result in a negative effect on the Company’s future cash flow and the viability of potential future projects. This in turn may affect the value of the Company’s Shares.

Marketability of Production

The marketability and commerciality of mineral sands to be acquired and/or produced by the Company is subject to several factors which include (but are not limited to) reservoir characteristics, market fluctuations, the proximity and capacity transportation, the market price of zircon and governmental regulations. Restrictions on the ability of the Company to market the Company’s production may have a material adverse effect on the Company’s revenues and financial position.

Substitution of Zircon

The Company notes the existence and the development of alternative materials acting as substitution products for zircon.

If the costs and commercial prices for such alternative materials fall this may have a significant effect upon the Company’s overall financial performance and ability to perform as a company operating in the mineral sands industry. The Company can give no guarantee that the Company’s products or prospects will remain competitive in the future due to changes in the marketplace.

Local Community and Landowner Risk

The Company may be required to pay compensation to landowners, local authorities, traditional land users and others who have an interest in the area covered by the licences. The Company's ability to resolve compensation issues and compensation costs involved will have an impact on the future success and financial performance of the Company's mineral sands operations. If the Company is unable to resolve such compensation claims on economic terms, this could have a materially adverse effect on the business, results or operations and financial condition of the Company.

Foreign Exchange Risk

The operations of the Company will initially be in Indonesia and the costs of and revenues from operations will be in Indonesian rupiah and US dollars. The Company may deal in other currencies from time-to- time, as appropriate. As the Company's financial reports will be presented in US dollars, the Company will be exposed to the volatility and fluctuations of the exchange rate between local currencies, the US dollar and the Australian dollar.

Global currencies are affected by a number of factors that are beyond the control of the Company. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities together with the ability to fund those plans and activities.

The Board may consider whether to manage currency fluctuation risk by hedging however, there can be no assurance that the Company will hedge its exchange rate exposure, nor that it will be able to hedge such exposure on acceptable terms in the future or that any exchange rate hedging conducted by the Company will be effective or will not result in an adverse financial impact arising from the inability to benefit from a favourable movement in exchange rates.

Reserves and Resource Estimates

Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis the estimates are likely to change. This may result in alterations to development and production plans which may in turn, adversely affect the Company and its operations.

Environmental Risks

The Company's activities will be subject to the environmental risks inherent in the mineral sands industry. The Company will be subject to Indonesian environmental laws and regulations in connection with operations it may pursue in the mineral sands industry. Environmental compliance is an ongoing liability of the Company. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject the Company to extensive liability.

The Company may also become liable for environmental damage caused by previous owners of any subsoil license areas the Company will hold. As a result, substantial liabilities to third parties or governmental entities may be incurred, the payment of which could reduce or eliminate funds available for acquisitions, exploration and development or cause the Company to suffer losses.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. These and other impacts that the Company's operations may have on the environment, as well as exposures to hazardous substances or wastes associated with the Company's operations and environmental conditions at the Company's properties, could result in costs and liabilities that would have a material adverse impact on the financial position and operating results of the Company.

A violation of environmental laws relating to a mine or other operating facilities, or failure to comply with the instructions of the relevant environmental authorities, could lead to, amongst other things, a temporary shutdown of all or a portion of the mine or relevant facility, a loss of the right to operate the relevant facility, the imposition of costly compliance procedures and fines, or serious reputational damage to the Company.

Environmental legislation and permitting requirements and the manner in which these are enforced are likely to evolve in a manner which will increase standards and enforcement criteria, as well as increase fines and penalties for non-compliance.

The Directors are unable to predict the extent and effect of additional environmental laws and regulations that may be adopted in the future, and if environmental standards evolve in such a manner, this could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

Retention of Key Business Relationships

The Company may rely on strategic relationships with other entities such as joint venture and farm-in parties and will maintain positive relationships with regulatory and governmental departments. It will also rely upon third parties to provide essential contracting services.

Additionally, Mandiri sells zircon directly to its customers without the use of agents or intermediaries and in 2018, its top 3 customer accounted for 84% of sales volume.

These 3 customers were the CFM Group, headquartered in Spain, Comptoir de Mineraux Premieres, based in France and Euronics Inc, based in Taiwan.

While the Company has no reason to believe otherwise, there can be no assurance that the Company's existing relationships will continue to be maintained or that new relationships will be successfully formed and the Company could be adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance, which causes the early termination or non-renewal of one or more of these key business alliances or contracts, could adversely impact the Company, its business, operating results and prospects.

Competition

The Company will compete with other companies, including major mineral sands companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. In addition, new entrants may commence mineral sands exploration and development in areas where the Company operates. There can be no assurance that the Company can compete effectively with these companies. Competition may also be presented by alternative energy sources.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Insurance

Insurance against all risks associated with mineral sands exploration is not always available or affordable. The Company will maintain insurance where it is considered appropriate for its needs, however it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

Uninsurable Risks

Exploration, development and production operations on mineral sands properties involve numerous risks, including unexpected or unusual geological operating conditions, floods, earthquakes and other environmental occurrences, as well as political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Company. Initially, the Company will not maintain insurance against operational, political or environmental risks.

Taxation Liability Risk

The tax environments of Indonesia are subject to continuous development and can be subject to retroactive change, ambiguity and inconsistent application, interpretation and enforcement which could result in unfavourable changes to the Company's tax position. Non compliance with local laws and regulations as interpreted by local authorities could lead to the assessment of additional taxes, penalties and interest.

In accordance with the directors' ongoing fiduciary duties to the Shareholders of the Company, the Company will structure a number of its operations (financial, professional services, or otherwise) through some low-tax jurisdictions (please refer to the Takmur structure chart contained within this Prospectus). Given the current governmental and political focus upon multinational corporations acting both inside and outside of Australia, the Company, following the Acquisition, may be subject to heightened regulatory risk from tax authorities and this may possibly represent a financial risk to Investors receiving Shares under the Offers.

6. Financial Information

6.1 Background

The financial information contained in this section 6 contains historical and pro forma financial information for South Pacific Resources Limited and Takmur.

All information present in this section should be read in conjunction with this Prospectus, including the Investigating Accountant's Report in Section 7 and the risk factors outlined in Section 5.

Set out below is:

- the historical Consolidated Statement of Comprehensive Income and statement of Cash Flows of SPB for the periods ended 30 June 2019, 30 June 2018 and 30 June 2017;
- the historical Consolidated Statement of Comprehensive Income and Statement of Cash Flows of Takmur for the half-year ended 30 June 2019;
- the historical Statement of Comprehensive Income and Statement of Cash Flows of Mandiri, the operating entity, for the two years ended 31 December 2018 and 31 December 2017;
- the historical Consolidated Statement of Financial Position of SPB as at 30 June 2019, 30 June 2018 and 30 June2017;
- the historical Consolidated Statement of Financial Position of Takmur as at 30 June 2019;
- the historical Statement of Financial Position of Mandiri, the operating entity, as at 31 December 2018 and 31 December 2017;
- the pro-forma Consolidated Statement of Financial Position of SPB and Takmur as at 30 June 2019 adjusted to reflect the Acquisition of Takmur, the Disposal of the SPB existing subsidiaries, the Public Offer and the issue of shares in SPB as a result of the passing of all resolutions at the Company's general meeting held on 20 August 2019.

It is noted that Takmur was incorporated on 28 June 2018 and acquired its interest in PT AUM on 10 January 2019. PT AUM entered into the Operation and Management Contract that resulted in control of Mandiri on 24 January 2019. Neither Takmur nor PT AUM hold any other material assets other than the interest in Mandiri and do not operate any business except that associated with this interest.

The historical and pro-forma financial information has been prepared on the basis of the significant accounting policies adopted by the Company set out in Section 6.6 and should be read in conjunction with the accompanying notes set out in Section 6.5.

The historical financial information of SPB has been subject to an annual audit by Pitcher Partners. The Independent Auditor's Reports for the last three years has contained an emphasis of matter as a result of material uncertainty concerning the ability of the entity to continue as a going concern.

The historical financial information for the half-year ended 30 June 2019 of the Takmur consolidated group has been subject to an audit review by Hall Chadwick Chartered Accountants. The Independent Auditor's Review Report contained no modification or emphasis of matter.

The historical financial information of Mandiri has been subject to an annual audit by Hall Chadwick Chartered Accountants. The Independent Auditor's Reports for the last three years included the following qualification:

> "*We were appointed as auditors of the Company on 26 February 2019 and thus did not observe the counting of the physical inventories as at 31 December 2018, 31 December 2017 or 31 December 2016. We were unable to obtain sufficient appropriate audit evidence by alternative means in relation to the inventory balances as at respective balance dates*."

The Independent Auditor's Report for Mandiri for 31 December 2016 also included a qualified opinion on the inability to obtain sufficient appropriate audit evidence in relation to opening balances as at 31 December 2015.

The historical financial information for 30 June 2019 and 31 December 2018 of Takmur and PT AUM has been subject to an audit by Hall Chadwick Chartered Accountants. The Independent Auditor's Reports contained an emphasis of matter as a result of material uncertainty surrounding the ability of PT AUM to continue as a going concern as at 31 December 2018. The opinion was not modified in respect of this matter.

6.2 Historical Consolidated Statement of Comprehensive Income

Historical Consolidated Statement of Comprehensive Income of SPB for the periods indicated

	SPB Audited Year ended 30 June 2019	SPB Audited Year ended 30 June 2018	SPB Audited Year ended 30 June 2017
	AU$	**AU$**	**AU$**
Revenue	-	-	-
Other income	214,289	75,663	22,808
Corporate and administrative expenses	(838,051)	(612,183)	(780,600)
Impairment of exploration expenditure	(7,381)	(49,245)	(392,741)
Scoping study expenses	-	(348,252)	-
Finance costs	(166,723)	(271,649)	(1,560)
Loss before income tax expense	**(797,866)**	**(1,205,666)**	**(1,152,093)**
Income tax	-	-	-
Other comprehensive income, net of income tax	**(797,866)**	**(1,205,666)**	**(1,152,093)**
Total comprehensive loss for the year attributable to the company	**(809,639)**	**(1,212,160)**	**(1,167,858)**

Historical Statement of Comprehensive Income of Takmur consolidated group for the half-year ended 30 June 2019 and of Mandiri for the years indicated

	Takmur Audit Reviewed Half-Year ended 30 June 2019	Mandiri Audited Year ended 31 December 2018	Mandiri Audited Year ended 31 December 2017
	US$	**US$**	**US$**
Revenue	2,903,161	4,760,828	1,217,814
Cost of sales	(2,076,133)	(3,548,573)	(756,157)
Other income	44,656	-	-
Corporate and administrative expenses	(484,285)	(633,575)	(361,362)
Repairs and maintenance expenses	(26,939)	(88,861)	(57,543)
Depreciation and amortisation	(32,056)	(60,216)	(48,246)
Finance costs	(5,301)	(25,915)	(11,858)
Profit/(loss) before income tax expense	**323,103**	**403,688**	**(17,352)**
Income tax expense	(84,264)	(100,922)	(1,820)
Profit / (loss) for the period	238,839	302,766	(19,172)
Other comprehensive income	2,636	-	-
Total comprehensive profit/(loss) for the period	**241,475**	**302,766**	**(19,172)**

6.3 Historical Consolidated Statement of Financial Position

Historical Consolidated Statement of Financial Position of SPB as at dates indicated

	Audited 30 June2019 AU$	Audited 30 June 2018 ^ AU$	Audited 30 June 2017^ AU$
CURRENT ASSETS			
Cash and cash equivalents	4,646	3,576	46,341
Trade and other receivables	14,348	24,193	25,820
Other current assets			2,337
TOTAL CURRENT ASSETS	**18,994**	**27,769**	**74,498**
NON CURRENT ASSETS			
Other non-current assets	50,648	51,945	53,24
TOTAL NON CURRENT ASSETS	**50,648**	**51,945**	**53,24**
TOTAL ASSETS	**69,642**	**79,714**	**127,740**
CURRENT LIABILITIES			
Trade and other payables	2,347,706	1,761,562	1,578,95
Borrowings	913,464	700,041	38,038
TOTAL CURRENT LIABILITIES	**3,261,170**	**2,461,603**	**1,616,993**
NON CURRENT LIABILITIES			
TOTAL LIABILITIES	**3,261,170**	**2,461,603**	**1,616,99**
NET LIABILITIES	**(3,191,528)**	**(2,381,889)**	**(1,489,253)**
EQUITY			
Issued capital	6,830,356	6,830,356	6,772,845
Reserves	592,497	604,270	348,751
Accumulated losses	(10,614,381)	(9,816,515)	(8,610,849)
TOTAL EQUITY	**(3,191,528)**	**(2,381,889)**	**(1,489,253)**

^ In preparing the 2019 financial statements it was noted that there was an error in the presentation for rental bonds in the previous years. This resulted in the reclassification of the rental bonds from current to non-current for the years ended 30 June 2018 and 30 June 2017, given the office lease expires in August 2021.

Historical Statement of Financial Position of Takmur consolidated group as at 30 June 2019 and of Mandiri as at the periods indicated

	Takmur Audit Reviewed 30June2019 US$	Mandiri Audited 31 December2018 US$	Mandiri Audited 31 December 2017 US$
CURRENT ASSETS			
Cash and cash equivalents	210,750	23,718	9,934
Trade and other receivables	202,718	7,636	47,362
Inventories	472,202	520,713	86,295
Other assets	120,594		
TOTAL CURRENT ASSETS	**1,006,264**	**552,067**	**143,591**
NON CURRENT ASSETS			
Trade and other receivables	201,000		-
Property, plant and equipment	681,584	598,58	632,586
Intangible assets	7,774		-
TOTAL NON CURRENT ASSETS	**890,358**	**598,589**	**632,586**
TOTAL ASSETS	**1,896,622**	**1,150,656**	**776,177**
CURRENT LIABILITIES			
Trade and other payables	600,874	132,447	81,675
Lease liabilities	43,594		
Borrowings		27,487	296,719
Current tax liabilities	212,826	189,476	98,409
TOTAL CURRENT LIABILITIES	**857,294**	**349,410**	**476,803**
NON CURRENT LIABILITIES	**42,557**	**20,303**	**20,541**
TOTAL LIABILITIES	**899,851**	**369,713**	**497,344**
NET ASSETS	**996,771**	**780,943**	**278,833**
EQUITY			
Issued capital	1,178	72,490	72,490
Reserves	2,636	522,954	323,610
Accumulated profits /(losses)	231,195	185,499	(117,267
Equity attributable to owners of the parent entity	235,009	780,943	278,833
Non-controlling interest	761,762		
TOTAL EQUITY	**996,771**	**780,943**	**278,833**

6.4 Historical Consolidated Statement of Cash Flows

Historical Consolidated Statement of Cash Flows of SPB for the periods indicated

	SPB Audited Year ended 30 June 2019	SPB Audited Year ended 30 June 2018	SPB Audited Year ended 30 June 2017
	AU$	**AU$**	**AU$**
Cash Flows from Operating Activities			
Cash paid to suppliers and employees	(51,867)	(260,966)	(539,068)
Cash paid for exploration and evaluation	-	(348,252)	-
Interest received	-	10	2
Net cash used in operating activities	**(51,867)**	**(609,208)**	**(539,066)**
Cash Flows from Investing Activities			
Payments for exploration and evaluation	-	(80,855)	(467,046)
Net cash used in investing activities	**-**	**(80,855)**	**(467,046)**
Cash Flows from Financing Activities			
Proceeds from borrowings	52,937	-	37,538
Repayment of borrowings	-	(37,538)	(63,500)
Proceeds from issue of convertible notes	-	750,000	-
Convertible notes facility fee	-	(65,164)	-
Proceeds from issue of shares	-	-	1,122,000
Share capital costs	-	-	(52,910)
Net cash from financing activities	**52,937**	**647,298**	**1,043,128**
Net increase/(decrease) in cash and cash equivalents	**1,070**	**(42,765)**	**37,016**
Cash and cash equivalents at beginning of the period	**3,576**	**46,341**	**9,325**
Cash and cash equivalents at end of the period	**4,646**	**3,576**	**46,341**

Historical Statement of Cash Flows of Takmur consolidated group for the half-year ended 30 June 2019 and of Mandiri for the periods indicated

	Takmur Audit Reviewed Half-Year ended 30 June 2019	Mandiri Audited Year ended 31 December 2018	Mandiri Audited Year ended 31 December 2017
		US$	US$
Cash Flows from Operating Activities			
Receipts from customers	2,619,745	4,800,554	1,238,603
Cash paid to suppliers and employees	(2,309,723)	(4,650,229)	(1,409,877)
Interest received / (paid)	5,456	(16,768)	(9,902)
Finance costs paid	(5,301)	(8,959)	(1,956)
Tax related expenses	(41,828)	(88,874)	(12,400)
Net cash used in operating activities	**268,349**	**35,724**	**(195,532)**
Cash Flows from Investing Activities			
(Payment for)/ Proceeds from sale of property, plant and equipment	(52,822)	1,313	-
Payments for acquisitions, net of cash acquired	17,468	-	-
Payments for property, plant and equipment	-	-	(48,569)
Net cash used in investing activities	**(35,354)**	**1,313**	**(48,569)**
Cash Flows from Financing Activities			
Proceeds from issue of shares	444	-	-
Proceeds from / (repayments of) borrowings	-	(6,321)	281,686
Repayments of finance lease	(22,689)	(15,317)	(2,097)
Net cash from financing activities	**(22,245)**	**(21,638)**	**279,589**
Net increase/decrease in cash and cash equivalents	**210,750**	**15,399**	**5,363**
Cash and cash equivalents at beginning of the period	**-**	**9,934**	**4,634**
Effect of movement in exchange rates on cash held	-	(1,615)	(63)
Cash and cash equivalents at end of the period	**210,750**	**23,718**	**9,934**

6.5 Historical Consolidated Statement of Financial Position of both SPB and Takmur as at 30 June 2019 adjusted to reflect the Acquisition, the Public Offer and other material transactions

		SPB Consolidated	Takmur Consolidated	SPB post-Acquisition, Disposal and Public Offer
		Actual**	**Actual**	**Pro-forma Consolidated**
		Audited	**Audited**	**Unaudited**
	Notes	**30 June 2019**	**30 June 2019**	**30 June 2019**
		US$	**US$**	**US$**
CURRENT ASSETS				
Cash and cash equivalents	1	3,258	210,750	7,145,861
Trade and other receivables		10,062	202,718	212,780
Inventories		-	472,202	472,202
Other current assets		-	120,594	120,594
TOTAL CURRENT ASSETS		**13,320**	**1,006,264**	**7,951,438**
NON CURRENT ASSETS				
Trade and other receivables		-	201,000	201,000
Intangible assets		-	7,774	7,774
Rental bond		35,065	-	35,065
Plant and equipment		454	681,584	682,038
TOTAL NON CURRENT ASSETS		**35,519**	**890,358**	**925,877**
TOTAL ASSETS		**48,840**	**1,896,622**	**8,877,315**
CURRENT LIABILITIES				
Trade and other payables	2	1,646,446	600,874	824,062
Borrowings	3	640,612	-	62,503
Other current liabilities		-	256,420	256,420
TOTAL CURRENT LIABILITIES		**2,287,059**	**857,294**	**1,142,984**
NON CURRENT LIABILITIES		**-**	**42,557**	**42,557**
TOTAL LIABILITIES		**2,287,059**	**899,851**	**1,185,541**
NET ASSETS / (LIABILITIES)		**(2,238,219)**	**996,771**	**7,691,774**
EQUITY				
Issued capital	4	6,377,443	1,178	14,093,485
Reserves		399,736	-	-
Foreign currency translation reserve		38,948	2,636	2,636
Accumulated earnings/(losses)	5	(9,054,345)	231,195	(7,166,109)
Non-controlling interest		-	761,762	761,762
TOTAL EQUITY		**(2,238,219)**	**996,771**	**7,691,774**

**The accounts of SPB have been translated from AU$ to US$ (refer to accounting policy note in Section 6.6).

Notes to the Financial Statements

	SPB Consolidated	Takmur Consolidated	SPB post-Acquisition, Disposal and Public Offer
	Actual**	Actual	Pro-forma Consolidated
	Audited	Audited	Unaudited
	30 June 2019	30 June 2019	30 June 2019
	US$	US$	US$
Note 1: Cash and Cash Equivalents			
Cash and cash equivalents	3,258	210,750	214,008
Sale of Papua New Guinea assets	-	-	690
Issue of Shares under Public Offer #	-	-	9,660,000
Share offer costs	-	-	(840,700)
Transaction costs	-	-	(1,524,700)
Administration, accounting and legal due diligence	-	-	(363,437)
			7,145,861
#This assumes that A$14,000,000 (US$9,660,000) is raised through the Public Offer			
Note 2: Trade and Other Payables			
Trade and other payables	1,646,446	600,874	2,247,320
Conversion of trade creditors to equity	-		(1,423,258)
			824,062
Note 3: Borrowings			
Borrowings	640,612	-	640,612
Conversion of convertible note to equity	-	-	(578,109)
			62,503
Note 4: Issued Capital			
SPB and Takmur issued capital	6,377,443	1,178	6,378,621
Deemed value of shares issued on the conversion of trade creditors to equity	-	-	1,897,678
Deemed value of shares issued on the conversion of convertible note to equity	-	-	793,527
Proposed acquisition (post-consolidation):			
Elimination of SPB issued capital	-	-	(9,068,648)
18,284,711 ordinary shares at A$0.40 (US$0.276) pursuant to the Acquisition *	-	-	5,046,580
Proposed Public Offer (post-consolidation):			
Issue of 35,000,000 shares at A$0.40 (US$0.276) per ordinary share under Public Offer (net of costs)	-	-	9,660,000
Share offer costs attributed to issued capital			(614,273)
			14,093,485

* The acquisition has been accounted for using the principles of reverse acquisition accounting under AASB 3 – Business Combinations since the substance of the transaction is that the existing shareholders of Takmur effectively gain control of SPB. Essentially the price paid for the acquisition of SPB by Takmur is the shares currently held by SPB shareholders – post consolidation (18,284,711) by the re-listing price of AU$0.40 (or US$0.276), being AU$7,313,884 (or US$5,046,580).

**The accounts of SPB have been translated from AU$ to US$ (refer to accounting policy note in Section 6.6).

Notes to the Pro-Forma Consolidated Statement of Financial Position (continued)

	SPB Consolidated	Takmur Consolidated	SPB post-Acquisition, Disposal and Public Offer
	Actual**	Actual	Pro-forma Consolidated
	Audited	Audit Reviewed	Unaudited
	30 June 2019	30 June 2019	30 June 2019
	US$	US$	US$
Note 5: Accumulated earnings/(losses)			
Accumulated earnings/(losses)	(9,054,345)	231,195	(8,823,150)
Loss on conversion of debt to equity			(689,837)
Elimination of SPB pre-Acquisition losses			9,744,182
Gain on sale of Papua New Guinea assets	-	-	690
Listing Expense	-	-	(5,283,430)
Transaction Costs	-	-	(1,524,700)
Administrative, Accounting and legal due diligence			(363,437)
Share offer costs attributed to accumulated losses	-	-	(226,427)
			(7,166,109)

**The accounts of SPB have been translated from AU$ to US$ (refer to accounting policy note in Section 6.6).

The Capital Structure of the Pro-Forma Consolidated entity comprises:

Pro-forma Capital Structure	**Number**
Fully Paid Ordinary Shares	263,558,882
Options (@AU$1.00, expiry 22/2/2023)	537,500
Performance Rights	17,675,376

The Performance Rights will be issued to Mr Oliver Hasler as approved by shareholders at the Company's General Meeting on 13 December 2019. The maximum number of shares that could be issued on achievement of the milestones associated with the Performance Rights to be issued is 21,110,195 on the following terms:

No. of Perf. Rights	Maximum Potential No. of Shares	Expiry Date	Performance / Vesting Conditions
3,250,000	3,250,000	31/3/2020	Mr. Hasler having not tendered his resignation prior to 31 March 2020
1,936,568	2,904,852	30/6/2020	Continuous employment and pro-rata of 2019 Target Sales Volume up to 125% of 2019 Target Sales Volume
978,261	1,467,391	30/6/2021	Continuous employment and pro-rata of 2020 Target EBITDA up to 125% of 2020 EBITDA
1,278,866	1,918,299	30/6/2021	Continuous employment and pro-rata of 2020 Target Sales Volume up to 125% of 2020 Target Sales Volume
1,141,304	1,711,957	30/6/2022	Continuous employment and pro-rata of 2021 Target EBITDA up to 125% of 2021 EBITDA
1,534,639	2,301,958	30/6/2022	Continuous employment and pro-rata of 2021 Target Sales Volume up to 125% of 2021 Target Sales Volume
1,940,350	1,940,350	31/12/2022	Share price reaching 1.14 AUD at any time from 1 November 2019 to 31 December 2022
2,182,894	2,182,894	31/12/2022	Share price reaching 1.52 AUD at any time from 1 November 2019 to 31 December 2022
3,432,494	3,432,494	31/12/2022	Share price reaching 1.90 AUD at any time from 1 November 2019 to 31 December 2022
17,675,376	**21,110,195**		

The Performance Rights will be expensed from grant date to the date of vesting and, therefore no cost has been recorded in the pro-forma consolidation as at completion. Based on share price of US0.276, the value of the maximum Performance Rights, before taking into account any discounting for the achievement of performance / vesting conditions, is US$5,826,413.

Assumptions Applied in Preparing the Pro-forma Financial Information

The pro-forma financial information has been included for information purposes to reflect the position of the Company on the assumption that the following transactions had occurred as at 30 June 2019:

(i) Offers under this Prospectus

In accordance with the Public Offer Subscription as detailed in this Prospectus, the Company will allot and issue 35,000,000 new Shares to raise AU$14,000,000 at AU$0.40 per Share (US$9,660,000 at US$0.276 per Share), and will also issue 210,274,171 Shares in SPB to the Vendors in accordance with the Acquisition and Offer.

The estimated Acquisition Costs, including due diligence costs, are AU$2,736,430 (US$1,888,137).

The estimated Offer Costs are AU$1,218,406 (US$840,700), recorded against issued capital as costs directly associated with the issue of new shares (US$614,273) and against accumulated losses as costs associated with the Prospectus and listing (US$226,427).

(ii) Conversion of SPB Debt to Equity

At the Company's General Meeting held on 20 August 2019, shareholders approved the payment of trade creditors and convertible notes through the issue of SPB shares. This resulted in 200,178,900 Shares (pre-consolidation) issued after 30 June 2019. The pro-forma financial information incorporates the issue of these shares at the fair value of those shares, AU$0.02 per share (equivalent to the $0.40 Offer price on a 1:20 pre-consolidation basis), with trade creditors and convertible notes of AU$2,977,340 (US$2,001,368). The difference between the value of the debts and the value of the shares issued totaling AU$1,026,238 (US$689,837) has been recorded against accumulated losses in SPB prior to the pro forma consolidation with Takmur.

(iii) Disposal of PNG Assets

The Company, subject to Shareholder Approval received at the General Meeting, has agreed to divest its previous oil and gas businesses pursuant to the Disposal for AU$1,000 (US$690). This transaction has been recorded in the pro-forma consolidation.

6.6 Summary of Significant Accounting Policies

The following significant accounting policies, which are consistent with the recognition and measurement requirements of Australian Accounting Standards and Interpretations, have been applied in the preparation and presentation of the financial information presented in section 6 of this Prospectus.

Basis of Preparation

This financial Information has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board. This financial information has been prepared on an accruals basis and is based on historical costs, applying the going concern basis of accounting.

The financial information is presented in US dollars, unless otherwise noted. The functional currency of each entity within the pro-forma consolidated group is measured using the currency of the primary economic environment in which that entity operates. The pro-forma financial information is presented in United States dollars ("US$") which is the functional currency of the operating entity. The presentation currency for the consolidated group will be US$, should the Transaction complete. The financial information of SPB has been translated to US$ as follows:

- Assets and liabilities are translated at the rate of exchange in effect at the reportingdate;
- Issued Capital and Reserves are translated at historical rates;
- Accumulated losses are translated at an average rate for the year they were incurred;and
- Exchange rate differences arising on the translation are taken to the Foreign Currency Translation Reserve in the consolidated statement of financial position.

The significant accounting policies set out below have been applied in the preparation and presentation of the financial information presented in this Section.

It is highly recommended that the financial information be read in conjunction with the Company's published Financial Statements and any public announcements made by the Company in accordance with its continuous disclosure requirements arising under the ASX Listing Rules.

Going Concern

The pro-forma financial information has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

No adjustments have been made to SPB's financial information relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should SPB not continue as a going concern. Accordingly, the financial information has been prepared on a going concern basis.

For the 12 months from the date of this Prospectus, the Directors have determined that SPB is a going concern based upon a cash flow budget prepared by management. The cash flow budget incorporates a control of costs, as and where appropriate, including the potential to place payments on hold as well as no long term leases, commitments or employeecontracts.

The Company also has the ability of a listed entity to raise capital in the public market.

These financial statements do not include any adjustments in relation to the recoverability or classification of recorded assets or liabilities that might be necessary should the Company not be able to continue as a going concern.

Reverse Acquisition Accounting

The proposed acquisition of Takmur (the legal subsidiary) by SPB (the legal parent) is deemed to be a reverse acquisition, since the substance of the transaction is such that the existing shareholders of Takmur will obtain control of SPB.

AASB 3 Business combinations (AASB 3) sets out the accounting principles to be followed in a reverse acquisition transaction. However, the Directors have concluded that SPB does not meet the definition of a business as prescribed in AASB 3 and, as such, it has been deemed that the Acquisition cannot be accounted for in accordance with the guidance set out in AASB3.

Therefore, consistent with the accepted practice for transactions similar in nature to the acquisition, SPB has accounted for the acquisition in the consolidated financial statements of the legal acquirer (SPB) as a continuation of the financial statements of the accounting acquirer (Takmur), together with a share based payment measured in accordance with AASB 2 Share Based Payments (AASB 2), which represents a deemed issue of shares by the accounting acquirer (Takmur), equivalent to the current shareholders in SPB post the acquisition. The excess of the assessed value of the share based payment over the pro forma net assets of SPB as at the acquisition date has been expensed to the income statement as a listingfee.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other and short-term highly liquid investments with original maturities of three months or less.

Loans and Receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of the final product includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on a first-in, first-out basis.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event that the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. An assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciable rate
Buildings	5%
Plant and equipment	20%
Motor vehicles	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided prior to the end of the period that are unpaid and arise when there is an obligation to make future payments in respect of the purchase of these goods and services.

Foreign Currency Translation and Balances

Functional and Presentation Currency

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in US dollars which is the Company's functional and presentation currency.

Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when the fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the reporting date;
- income and expenses are translated at average exchange rates for the period; and
- exchange rate differences arising on translation of foreign operations are transferred directly to the foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or are recognised directly in equity or in other comprehensive income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or less when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

With respect to land and buildings measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Share-Based Payments

Equity-settled share-based compensation benefits may be provided to contractors or employees in-exchange for the rendering of services. The cost of equity-settled transactions is measured at fair value on grant date. Grant date is the date that both contracting parties have a clear understanding of the terms and conditions attached to the share-based payment arrangement.

Fair value is independently determined using quoted market prices, or in the case of unlisted options, using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The cost of the payment is charged to the profit or loss over its vesting period, being the period in which the service (for which consideration is given) is rendered. Where non-market based vesting conditions are not satisfied and the underlying equity instrument lapses, is cancelled or is forfeited, the value of the amount previously charged to the profit or loss is credited back.

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial information of subsidiaries are included in the pro-forma consolidated financial statements from the date on which control commences until the date on which control ceases.

Inter-company transactions, balances and unrealised gains or losses between subsidiaries are eliminated. The financial information of the subsidiaries are prepared using consistent accounting policies and reporting date as the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (ie reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Accounting Standards).

No Material Changes to the Company's Financial Position

To the best of the Directors' knowledge and belief, there have been no other material items, transactions or events subsequent to 30 June 2019 that have not otherwise disclosed in this Prospectus.

HALLCHADWICK
Corporate Finance & Advisory Services

7. Investigating Accountant's Report

21 November 2019

The Directors
South Pacific Resources Limited
Level 5, 56 Pitt Street
SYDNEY NSW 2000

Dear Sirs,

Independent Limited Assurance Report on Historical and Pro-forma Consolidated Financial Information

We have been engaged by South Pacific Resources Limited ("SPB" or "the Company") to report on the historical and pro forma consolidated historical financial information for inclusion in the Prospectus relating to the proposed issue of shares in the Company to raise up to AU$14 million before the costs of the issue (the "Offer").

Expressions and capitalised terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services License (No. 227902) under the *Corporations Act 2001*. Hall Chadwick Corporate (NSW) Limited holds the appropriate Australian Financial Services License under the *Corporations Act 2001.*

Background

The securities of the Company remain suspended from official quotation.

The Company is in the process of completing the acquisition of Takmur Pte. Ltd. ("Takmur"). In January 2019 Takmur acquired exclusive rights to the operation and management of a mineral sands tenement held by PT Investasi Mandiri Pty Ltd ("Mandiri") through PT Andary Usaha Makmur ("PT AUM"), a 99% owned subsidiary of Takmur. Neither Takmur or PT AUM hold any other material assets other than the interest in Mandiri and do not operate any business except that associated with this interest.

Scope

Historical Financial Information

You have requested Hall Chadwick Corporate (NSW) Limited to review the following historical financial information of the Company and Mandiri:

a) the historical Consolidated Statement of Comprehensive Income and Statements of Cash flows of SPB for the periods ended 30 June 2019, 30 June 2018 and 30 June 2017;

b) the historical Consolidated Statement of Comprehensive Income of Takmur for the half year ended 30 June 2019;

c) the historical Statement of Comprehensive Income and Statements of Cash flows of Mandiri, the operating entity for the years ended 31 December 2018 and 31 December 2017;

HALL CHADWICKCORPORATE (NSW) LIMITED

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d) the historical Consolidated Statement of Financial Position of SPB as at 30 June 2019, 30 June 2018 and 30 June 2017; and

e) the historical Consolidated Statement of Financial Position of Takmur as at 30 June 2019;

f) the historical Statement of Financial Position of Mandiri, the operating entity as at 31 December 2018 and 31 December 2017.

Pro forma Consolidated Historical Financial Information

You have requested Hall Chadwick Corporate (NSW) Limited to review the pro forma consolidated statement of financial position of the Company as at 30 June 2019 assuming the acquisition of Takmur, completion of the Offer and further transactions detailed in the Prospectus.

The financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles detailed in International Financial Reporting Standards and the adopted accounting policies of the Company.

The historical financial information of the Company has been subject to an annual audit by Pitcher Partners. The Independent Auditor's Reports for the last three years have contained an emphasis of matter as a result of material uncertainty concerning the ability of the entity to continue as a going concern.

The historical financial information for the half-year ended 30 June 2019 of the Takmur consolidated group has been subject to an audit review by Hall Chadwick Chartered Accountants. The Independent Auditor's Review Report contained no modification or emphasis of matter.

The historical financial information of Mandiri has been subject to an annual audit by Hall Chadwick Chartered Accountants. The Independent Auditor's Reports for the last three years included the following qualification:
"We were appointed as auditors of the Company on 26 February 2019 and thus did not observe the counting of the physical inventories as at 31 December 2018, 31 December 2017 or 31 December 2016. We were unable to obtain sufficient appropriate audit evidence by alternative means in relation to the inventory balances as at *respective balance dates*."

The financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

The stated basis of preparation is the recognition and measurement accounting principles applied to the financial information and the transactions to which the pro forma adjustments relate, as described in the Prospectus, as if those transactions had occurred as at the date, or prior to the date, of the financial information. Due to its nature, the pro forma consolidated historical financial information does not represent the company's actual or prospective financial position.

Directors' responsibility

The directors of the Company are responsible for the preparation of the historical and pro forma consolidated historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of pro forma consolidated historical financial information that is free from material misstatement whether due to fraud orerror.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we have become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

This report has been compiled with consideration of APES 110 Code for Professional Accountants, given that Hall Chadwick are the auditors of Mandiri, Takmur and PT AUM and HCC have prepared this report. HCC adopts internal procedures and structures to safeguard our independence and manage any perceived conflict of interest arising from the role of HC Sydney as auditor of Mandiri, Takmur and PT AUM.

Conclusions

Historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in the Prospectus.

Pro forma consolidated historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma consolidated historical financial information is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in the Prospectus.

Restriction on Use

Without modifying our conclusions, we draw attention to the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

We disclaim any assumption of responsibility for any reliance on this report or on the financial information to which it relates, for any purpose other than that for which it was prepared.

Disclosure of Interest

Hall Chadwick Corporate (NSW) Limited does not have any interest in the outcome of the Prospectus other than the issue of this report for which normal professional fees will be received. Hall Chadwick Corporate (NSW) Limited does not hold nor have any interest in the ordinary shares of the Company. Hall Chadwick Corporate (NSW) Limited was not involved in the preparation of any part of the Prospectus and accordingly, makes no representations or warranties as to the completeness and accuracy of any information contained in the Prospectus.

Consent

Hall Chadwick Corporate (NSW) Limited has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

Yours faithfully

David Kenney
HALL CHADWICK CORPORATE (NSW) LIMITED

HALLCHADWICK
Corporate Finance & Advisory Services

FINANCIAL SERVICES GUIDE

Dated 21 November 2019

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by Hall Chadwick Corporate (NSW) Limited ABN 28 080 462 488, Australian Financial Services Licence Number 227902 ("HCC").

This FSG includes information about:

- HCC and how they can be contacted;
- the services HCC is authorised to provide;
- how HCC are paid;
- any relevant associations or relationships of HCC;
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that HCC has in place.

This FSG forms part of an Investigating Accountant's Report ("Report") which has been prepared for inclusion in a disclosure document. The purpose of the disclosure document is to help you make an informed decision in relation to a financial product. The contents of the disclosure document, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financialproduct.

Financial services that HCC is authorised to provide

HCC holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financeproducts.

HCC's responsibility to you

HCC has been engaged by the Directors of South Pacific Resources Limited to prepare this Report for inclusion in a Prospectus in relation to the offering of shares in South Pacific Resources Limited ("Offer").

You have not engaged HCC directly but have received a copy of the Report because you have been provided with a copy of the Prospectus. HCC nor the employees of HCC are acting for any person other than South Pacific Resources Limited. HCC is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General advice

As HCC has been engaged by South Pacific Resources Limited, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Prospectus before making any decision in relation to the Offer.

Fees HCC may receive

HCC charges fees for preparing reports. These fees will usually be agreed with, and paid by, South Pacific Resources Limited. Fees are agreed on either a fixed fee or a time cost basis. In this instance, South Pacific Resources Limited has agreed to pay HCC $10,000 (excluding GST and out of pocket expenses) for preparing the Report on Historical and Pro forma Consolidated Historical Financial Information to be included in the Prospectus. HCC and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

HCC officers and representatives receive remuneration from Hall Chadwick Sydney professional advisory and accounting practice (the Hall Chadwick Sydney Partnership). Remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report. Further details may be provided on request.

Referrals

HCC does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures HCC is controlled by and operates as part of the Hall Chadwick Sydney Partnership. HCC's directors may be partners in the Hall Chadwick Sydney Partnership. Mr David Kenney, director of HCC and partner in the Hall Chadwick Sydney Partnership, has prepared this Report. The financial product advice in the Report is provided by HCC and not by the Hall Chadwick SydneyPartnership.

From time to time HCC, the Hall Chadwick Sydney Partnership and related entities ("HC Entities") may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses. HC Entities have previously provided advisory services to the Company and Takmur as the auditor of Takmur, Mandiri and PT AUM, and in connection with the preparation of the Independent Experts Report in relation to the Company's acquisition of Takmur.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of South Pacific Resources Limited or has other material financial interests in the Offer.

Complaints resolution

If you have a complaint, please let HCC know. Formal complaints should be sent in writing to:
The Complaints Officer
Hall Chadwick Corporate (NSW) Limited
GPO Box 3555
Sydney NSW 2001

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on (02) 9263 2600 and he will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised inwriting.

External complaints resolution process

If HCC cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Australian Financial Complaints Authority (AFCA). AFCA provides free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at their website www.afca.org.au or by contacting them directly at:
Australian Financial Complaints Authority Limited
GPO Box 3, Melbourne Victoria 3001
Telephone: 1800 931 678
Facsimile (03) 9613 6399
Email: info@afca.org.au

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about yourrights.

Compensation arrangements

HCC has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact details

You may contact HCC at:
Hall Chadwick Corporate
(NSW) Limited GPO Box
3555
Sydney NSW 2001
Telephone: (02) 9263 2600
Facsimile: (02) 9263 2800

8. Geological and Technical Report

GEOLOGICAL AND TECHNICAL REPORT

MANDIRI PROJECT
CENTRAL KALIMANTAN
REPUBLIC OF INDONESIA

Prepared for

South Pacific Resources Limited

Report Number WA19/05

AUTHOR: **J. M Chisholm (Lead author)**
BSc (Hons),PhD, FAusIMM (CP).
Yulindra Christiawan (contributing author)
BEng (Geol), MAusIMM, MAIG

DATE: **3 December 2019**

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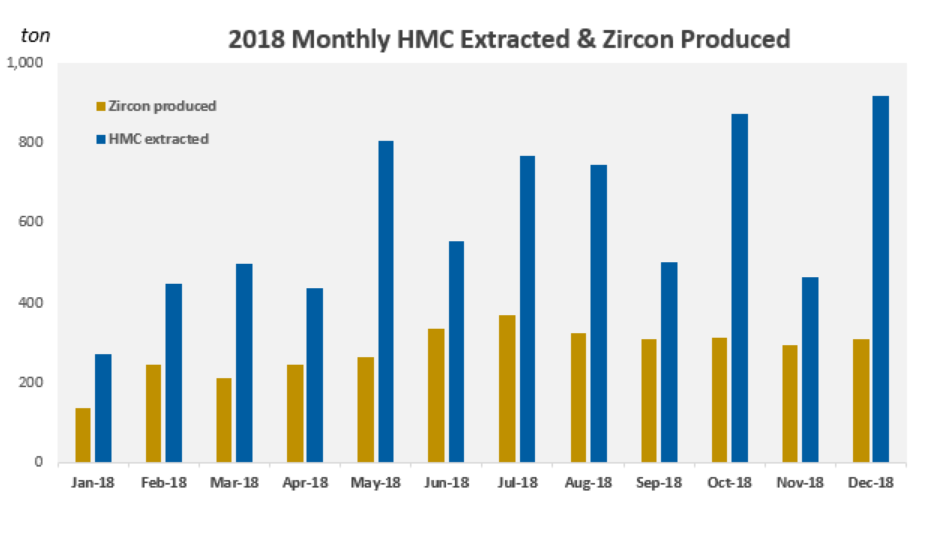
1 Executive Summary

Introduction

South Pacific Resources Limited (SPB, or Company) requested that Continental Resource Management Pty Ltd (CRM) provide a Technical Assessment Report (TAR or Report) on the Mandiri Heavy Mineral Sand Project currently held by PT. Investasi Mandiri (PTIM). The Report is to be included in a Prospectus, to raise up to A$14 million, being prepared by SPB.

PTIM is the holder of a 2,032 ha Heavy Mineral Sand (HMS) mining tenement, located close to Kuala Kurun city in the Gunung Mas Regency. The tenement is currently held under mining permit Izin Usaha Pertambangan – Operasi Produksi (IUP-OP) No. 16/DPE/IX/2010 issued by Bupati Gunung Mas on 2nd Sepetember 2010. PTIM has exclusive rights to perform exploration and mining works in the tenement area.

In accordance with Indonesian minerals legislation it is a requirement to construct a processing plant in order to obtain an export permit for minerals. Consequently, PTIM have a HMS processing plant located 23 km south of the Mandiri tenement that forms part of the Mineral Asset. The plant is currently in operation producing 500 t per month of high-grade zircon and rutile/ilmenite product from HM concentrate purchased from artisanal miners including those operating within the Mandiri tenement. Below production data for 2018 and 2019 in terms of HMC extracted from the tenement and Zircon produced at the plant.



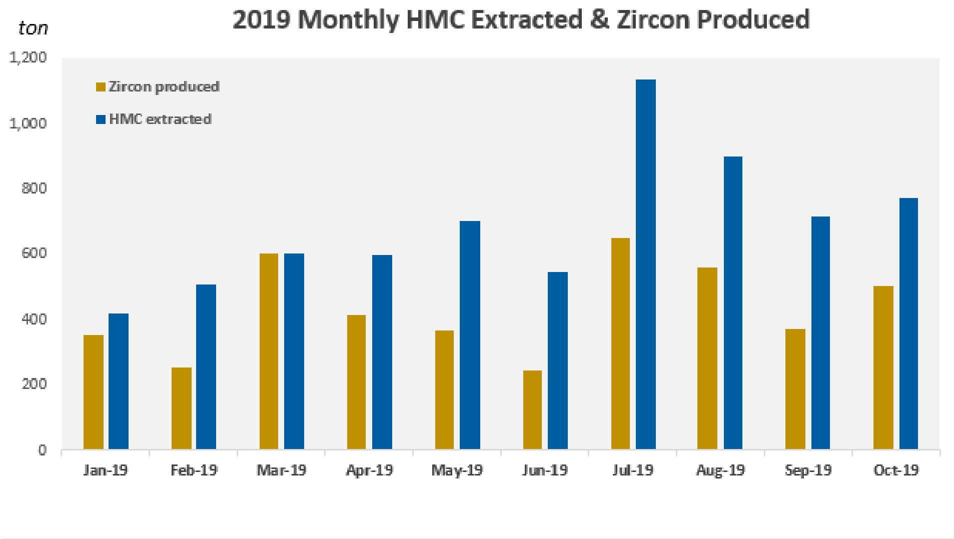


Figure 1-1 Monthly HMC production from the Mandiri tenement

Mineral assemblage

The mineral assemblage of the product from the Mandiri project is well established and confirmed by the certified laboratory analyses required by legislation for export product (Table 1-1).

The mineralogical content of a 551 t batch of dry zircon concentrate processed through the PTIM processing plant provides an indication as to the mineral assemblage of the HMS. This table does not provide the relative proportions of the minerals present in the Mandiri HMS as it is for the zircon concentrate after separation of the titanium minerals.

Table 1-1 Mineralogical composition of a 551 t dry weight sample from the Mandiri Tenement processed through the PTIM plant

Mineral product	Weight	Relative %
Zircon	358 t	64.97 %
Mixed ilmenite	104 t	18.87 %
Rutile	13 t	2.36 %
Monazite mix	4 t	0.73 %
Trash	72 t	13.07 %
Gold	1041 g	1.89 g/t
Total	551 t	100.00 %

Note: The feedstock sample was obtained via contracted miners who are only engaged for the purposes of extracting Zircon.

The relative percentage of the minerals comprising the mineral assemblage for the Mandiri HMS deposit (Table 1-2) is based on actual production data over a 12 months period from the PTIM processing plant. The plant feed was supplied to the processing plant by contract miners in the form of concentrate from small scale mining operations from within the Mandiri Concession area. The processing plant separates the various mineral components into high-grade products which can be easily visually identified. For example, the zircon product is very high-grade zircon whereas the mixed ilmenite produce will contain a variety of ilmenite forms. The effectiveness of the plant in the separation of the constituent minerals into pure and relatively pure products is supported by chemical analyses is consistent with the results of the mineralogical composition of the 551 t sample referred to in Table 1-1. The chemical analyses are carried out by independent laboratories by XRF analysis in accordance with the mineral export licence regulations. All data used in the above analysis was supplied by PTIM during the actual site visit in January 2019.

Table 1-2 Mineral assemblage for the Mandiri HMS deposit

Component	Zircon	Ilmenite	Rutile	Other	Waste + H_2O	Total
Relative %	68%	9.5%	8.5%	1%	13%	100%

The Mandiri tenement, contains heavy mineral sand mineralisation, hosted in Holocene age alluvium the product of an ancient Kahayan river channel and flood plain. The sediment is comprised mainly of unconsolidated sands and contains some 25% clay and silt. The area is geologically relatively simple with an alluvium layer generally of 2 to 6 m in thickness with some areas having up to 11 m in thickness. The alluvium bed is overlain by a Miocene age coal-bearing sequence called the Werukin Formation.

Sampling

A programme of auger drilling and surface geological mapping was conducted in November to December 2018 with a second phase of auger drilling completed during January 2019 and a third phase completed during February 2019.

The initial auger drilling was undertaken at 200 m spacing and covered an area of 470 ha, or 12.5% of the total concession area of 2,032 ha. A total of 18 hand powered auger holes were completed and all holes intersected the target alluvium bed. Based on the surface geological mapping it is estimated that the tenement contains about 1,100 ha of mineralised alluvium bed. About 60% of the mineralised area has been disturbed by artisanal mining activity but it is noted that this activity was only over shallow depths and the recovery was very poor.

A second and third phase of auger drilling used a motorised auger to get samples at greater depth and many of the holes collapsed below the water table similar to the phase 1 auger drilling and the holes were terminated. The holes located further to the west were deeper and contained thicker intersections of alluvium. The spacing of the holes were increased to 400 m by 800 m to get samples over the entire area of the HMS layer.

The auger samples were collected in 1 m intervals and placed in core trays prior to being placed in plastic bags for storage. Sub-samples were sub-sampled using cone and quartering. A composite sample was prepared for the interval and analysed by the Uptd Laboratorium Energi Dan Sumber Daya Mineral in Banjarbaru. A suite of 14 elements were analysed plus loss on ignition (LOI). The elements analysed included; ZrO_2, TiO_2 & Fe_3O_4. Based on mineral formulae and the ratio of rutile to ilmenite present in the mineral assemblage, zircon, rutile and ilmenite contents were estimated.

Composite samples of the alluvium were submitted to the above laboratory for determination of the HM, slimes (-45 micron) and oversize (+1 mm) content.

Mineral Resources

The resource estimate employed Inverse Distance modelling method to produce an ore block model (OBM) of the mineralisation within the deposit. A single, simple OBM was produced as a single layer. The use of the composited single interval for the mineralisation meant that a wireframe was unnecessary in order to constrain the volume and grade of the deposit.

The X-Y block size was 100 m by 100 m with the Z axis being the thickness of the alluvium. A spherical search distance of 550 m was used with an inverse distance cubed interpolation for the grade, density and mineralised interval.

An Inferred Mineral Resource was estimated as the exploration data available and the QA/QC protocol was not sufficient for a higher resource category.

Table 1-3 Mineral Resources above 2% HM lower block cut-off grade (unrounded)

Area	Category	Tonnage (Mt)	HM (%)	Slimes (%)	Oversize (%)
Mandiri	Inferred	126.3	7.43	8.98	16.14

The Inferred Mineral Resources for the Mandiri HMS deposit are defined as 126 Mt containing 7%,

HM 9% slimes and 16% oversize at a lower cut-off grade of 2%[1].

The mineral assemblage of the product from the Mandiri project is well established based on production records from the PTIM processing plant and confirmed[2] by the certified laboratory analyses required by legislation for export product.

Table 1-4 Mineral assemblage and contained tonnes of the components (unrounded)

Component	Zircon	Ilmenite	Rutile	Other	Waste +H_2O	Total
Relative %	68%	9.5%	8.5%	1%	13%	100%
Contained mineral	6.00 Mt	0.84 Mt	0.75 Mt	0.09 Mt	1.15 mt	8.82 Mt

Based on the data available, the tonnage of contained zircon, ilmenite and rutile which together comprise the VHM is 7.59 Mt.

Potential for additional resources
As a result of many of the auger holes being unable to penetrate below the water table there remains considerable potential for mineralisation to be present below the water table. The currently defined Inferred Mineral Resources are only for the alluvial zone above the water table. The deepest auger hole that intersected bedrock was 11 m in depth which is considerably more than the 3.68 m average thickness of the alluvial material within the Inferred Resource. It is most likely that additional mineralisation will be located below the currently defined resource and these additional resources are referred to as Exploration Targets. Testing this zone will require drilling using an air-core mechanised drilling rig.

In addition to the Exploration Target below the water table there is the potential for additional HMS mineralisation to be located to the northwest of the current resources below the younger Werukin Formation.

In the case of the Mandiri tenement the Exploration Target for HMS within the Mandiri tenement is in the order of 25 – 30 Mt of sand containing 4 - 7 % heavy minerals. Mineralisation expressed as Exploration Targets are in addition to Mineral Resources. It should be noted that the potential quantity and grade is conceptual in nature, and there has been insufficient exploration to estimate a Mineral Resource in relation to this Exploration Target and it is uncertain if further exploration will result in the estimation of a Mineral Resource in relation to this Exploration Target. The basis for defining the Exploration Target for HMS mineralisation is the presence of HMS occurring below the water table. Auger testing was only possible above the water table during the current exploration phase and future exploration to test the Exploration Target HMS mineralization will require drilling using an air-core drilling method.

An Exploration Target which is an estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade, relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource. In the case of the Mandiri tenement the Exploration Target has been conservatively estimated as potential HMS mineralisation extending a further 25% in depth below the water table beneath the Inferred Mineral Resources at a grade not exceeding the grade of the Inferred Mineral Resources.

In addition to the HMS the tenement is known to contain alluvial gold and platinum which is currently being exploited by artisanal miners. It is not known how much gold the artisanal miners are producing but significant quantities of gold are being recovered by the PTIM processing facility which purchases heavy mineral concentrate from the artisanal miners. In the course of panning samples during the auger drilling the site geologists reported small gold grains in auger hole DA-206R.

Laboratory analysis of concentrate from the processing plant reports gold grades of 5 – 37 g/t Au in concentrate but this is from concentrate purchased from artisanal miners who have already worked the

[1] The Statement of Resources are rounded in accordance with the JORC Code and consequently unrounded totals in the associated table may not agree.
[2] Based on the known chemical composition of each mineral present in the assemblage.

material for gold. Platinum has also been reported in laboratory analysis of rutile concentrate at levels of 215 and 101 g/t.

While there is insufficient analytical data to estimate Mineral Resources for gold the Exploration Target for gold mineralisation is estimated to be 30 -50 Mt of sand at a grade – 1 – 5 g/t Au. The basis for defining the Exploration Target is the presence of gold in the zircon concentrate obtained by the artisanal miners contracted by the company to provide zircon feed to the processing plant, past exploitation of gold by artisanal miners in the region and the presence of visible gold obtainable by panning the present day watercourses within the concession. Testing the Exploration Target will require systematic analyses for gold as part of the HMS exploration programme.

2 Introduction

South Pacific Resources Limited (SPB, or Company) commissioned Continental Resource Management Pty Ltd (CRM) to prepare a Technical Assessment Report (TAR) on the Mandiri HMS Project. The Report is to be included in a Prospectus, to raise up to A$14 million.

The Mandiri Project comprises a single tenement and an established mineral processing plant.

2.1 Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides

This TAR has been prepared in accordance with the 2012 JORC Code and the 2015 VALMIN Code. Both industry codes are binding for all members of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. These codes are also requirements under Australian Securities and Investment Commission (ASIC) rules and guidelines.

2.2 Statement of Independence

No member or employee of CRM is, or is intended to be, a director, officer or other direct employee of the Company. No member or employee of CRM has, or has had, any share-holding, or the right (whether enforceable or not) to subscribe for securities, or the right (whether legally enforceable or not) to nominate persons to subscribe for securities in the Company. There is no agreement or understanding between CRM and the Company as to CRM performing further work for the Company. Fees for the preparation of this report are being charged at a commercial rate, the payment of which are not contingent upon the conclusions of the report. They total about $15,000.

2.3 Competent Persons Declaration and Qualifications

The information in relation to geology, exploration results and mineral resources is based on, and fairly represents, information and supporting documentation that has been compiled and reported by Dr John Chisholm, BSc Hons, PhD (Geol.), a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy (CP). Dr Chisholm is a Principal Geologist of Continental Resource Management Pty Ltd, a geological consultancy, which was engaged by SPB to compile the geology, exploration history, Mineral Resources and potential of the Mandiri Project. Dr Chisholm has sufficient experience, which is relevant to the style of mineralisation, geology and type of deposit under consideration and to the activity being undertaken to qualify as a competent person under the 2012 JORC Code. Dr Chisholm consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Additional information relating to the geological setting of the deposit was contributed by Yulindra Christiawan. As a member of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and a Competent Person Indonesia, Resource Estimator for Coal and Nickel-laterite, he has sufficient experience relevant to the style of mineral deposit under consideration. Mr Christiawan consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

2.4 Principal Sources of Information and Reliance on Experts

The statements and opinions contained in this report are given in good faith. This report is based on information provided by SPB, along with technical reports prepared by consultants, and other relevant published and unpublished information. SPB provided CRM with details of the tenement details, relevant technical reports, maps, GIS data and drilling database. CRM has endeavoured, by making all reasonable enquires, to confirm the authenticity, accuracy, and completeness of the data and information. CRM has no reason to doubt the authenticity or substance of the information provided.

2.5 Site Inspection

Two site visits were conducted by Dr Chisholm on the 24th September 2018 and 22nd January 2019.

2.6 Mineral Assets

The Mineral Asset that is included in this report is the Mandiri Project that comprises one tenement and associated mineral processing plant, situated in the Gunung Mas Regency of the Central Kalimantan, Indonesia. Under Indonesian Mineral Legislation it is a requirement that a production facility be established as part of the licence approval procedure for the export on minerals from the tenement. A mineral processing facility that forms part of the Mandiri tenement is located 23.3 km to the south of the tenement.

The Mandiri Project contains Inferred Mineral Resources that were estimated in accordance with the 2012 JORC Code. There are currently no defined Ore Reserves.

2.7 Location and Access

The Mandiri deposit is located in the Kuala Kurun administration area, within the Gunung Mas Regency in Central Kalimantan and is approximately 170 km north of the provincial capital city Palangkaraya.

The tenement can be accessed by commercial flights from Jakarta to Palangkaraya in 1 hours and 20 minutes. From the airport, the drive to the tenement area takes about 4½ hours.

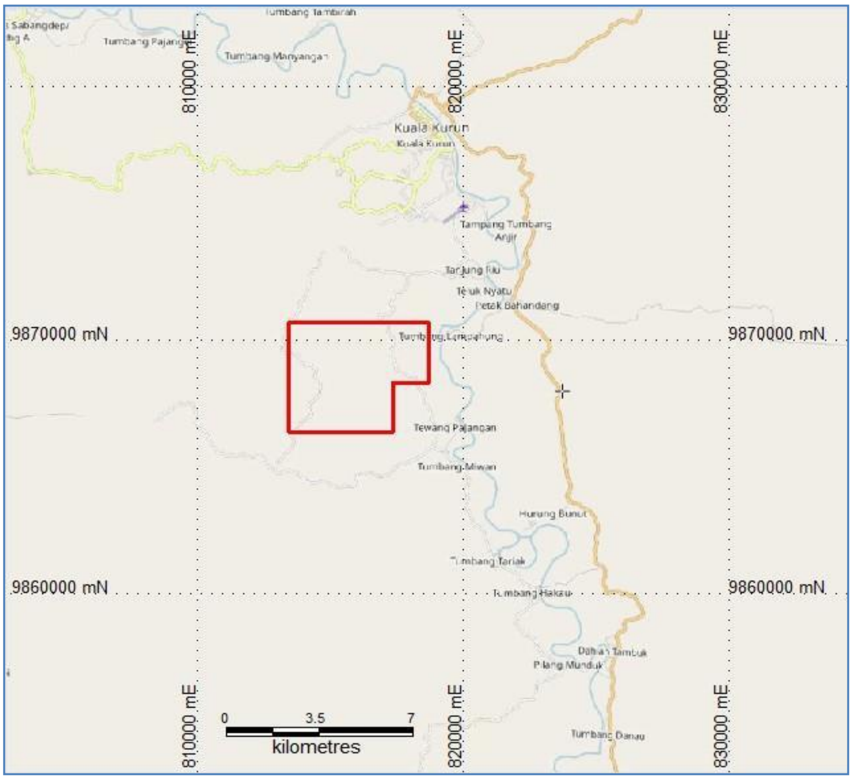


Figure 2-1 Mandiri Project location plan

2.8 Coordinate System

The coordinate system used is the Universal Transverse Mercator (UTM) Zone 49 (49M) south coordinate system under WGS 1984 spheroid, the local bench mark networking is measured or linked to the National Geospatial Informatics Biro (BIG) reference point, situated on Kuala Kurun district office. The BM survey complied with Indonesia National Standard (SNI) 19-6724-2002.

2.9 Tenure and Agreements

CRM has not verified the ownership status or good standing of the tenement and has relied upon documentation supplied by PTIM, the tenement holder, and SPB.

2.9.1 Tenure

PTIM was granted mining permit Izin Usaha Pertambangan-Operasi Produksi (IUP-OP) for a total area of 2,032 ha, by Bupati Gunung Mas, No. 16/DPE/IX/2010, on 2nd September 2010.

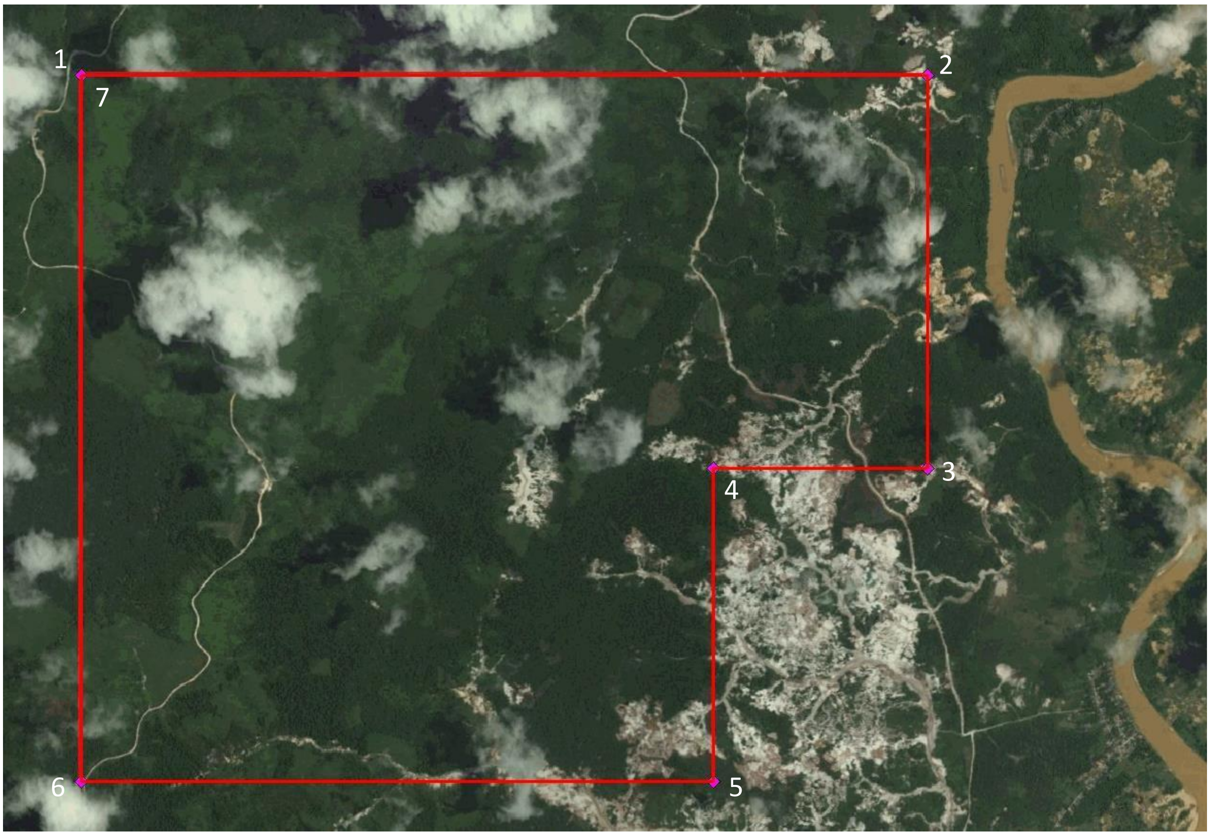


Figure 2-2 PTIR Mandiri tenement

The tenement is defined by the geographic coordinates is presented by Table 2-1 below.

Table 2-1 Mandiri tenement coordinates

Point Number	Longitude	Latitude
1	113’ 48’ 59”	01’ 10’ 5”
2	113’ 51’ 49”	01’ 10’ 5”
3	113’ 51’ 49”	01’ 11’ 24”
4	113’ 51’ 6”	01’ 11’ 24”
5	113’ 51’ 6”	01’ 12’ 26.90”
6	113’ 48’ 59”	01’ 12’ 26.90”
7	113’ 48’ 59”	01’ 10’ 5”

The conditions of grant including Indonesian taxes and other financial obligation of PTIM are set out in the IUP. A summary of some of the key provision is as follows;

- Dead rent is payable to Government of Indonesia at rate of US$4 per hectare per annum,
- Royalty on thermal Heavy Mineral Sand produced is 3% by April 2015,
- Corporate tax of 25 % is set by Government of Indonesia,
- A withholding tax is payable on interest and dividends. This is set at 5% to 30% for non-resident foundation shareholder, but will increase to 20% for non-resident shareholders who are not foundation shareholders,
- PTIM shall collect, remit and report VAT on the delivery of taxable goods and or service at a rate of 10%,
- Land and building taxes payable to the local government are applicable, at rate of US$0.53 per hectare,
- Environmental obligations including reclamation bonding and plans have been approved by local government as part of the mine approval process in the term of reclamation bank guarantee,

The development of HMS occurrences in Indonesia consists of obtaining approval from the central government for three progressive stages of status;

- Exploration stage - to obtain approval for detail exploration work comprising drilling, sampling, Heavy Mineral Sand grade analysis, geophysical logging, topography survey and bulk sampling.
- Feasibility study stage - to obtain approval for advance exploration and technical constraint work comprising mine method and design, geotechnical constraint, capex – opex study, financial model, HMS beneficiation study, market analysis, social – culture – environment study. This stage is based on findings from the exploration stage. An environment impact analysis document is also required in the stage as a step towards the production stage.
- Production stage - to obtain approval in principal for executing HMS mining operation based on feasibility report and impact analysis document. The IUP-OP was granted to PTIM in March 2010.

2.9.2 Agreements

There are a number of written agreements between PTIM and local contract miners, relating to the Mandiri tenement.

2.10 Environment, social and culture factors

PTIM has advised CRM that it is currently not facing any environmental or social litigation and has commenced exploration activities and feasibility studies in accordance with applicable regulations. The tenement is situated in a production forest area. Some areas are overlapping with community rice farming and traditional hunting grounds. The community which is of multi-ethnic backgrounds appears to be supportive of PTIM’s plans to develop the project.

The Mandiri deposit is situated on the flood plain of the Kahayan river, legally classified into production forest area and conversion production forest area, but with tribal land ownership also established on it. The land has recently been used for traditional plantations, rice farming and gold mining, which covers most of the concession area.

2.11 Climate

The project area[3] has an average annual temperature of 26 to 32.5° C. The wind speeds are between 7 and 8 km/hour and humidity ranges from 75 to 79%. Rainfall is mainly concentrated during the wet season from October to April (>200mm).

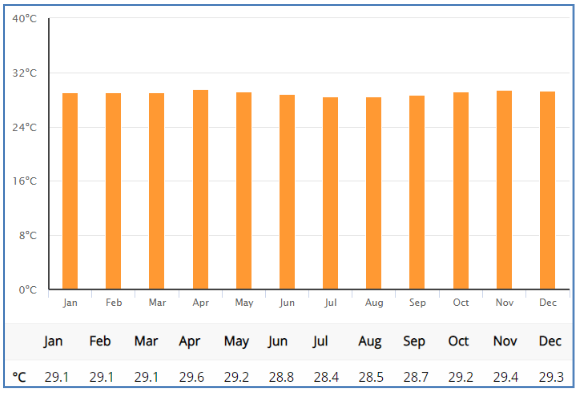


Figure 2-3 Annual temperature chart for Palankaraya

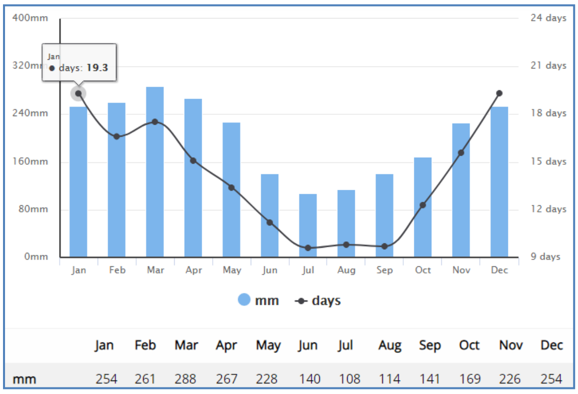


Figure 2-4 Annual rainfall and days of rain chart for Palankaraya

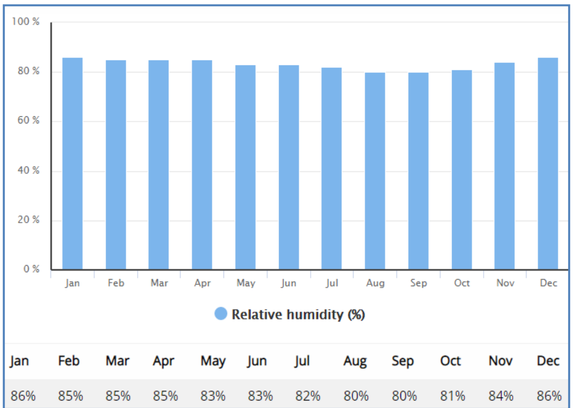


Figure 2-5 Annual humidity chart for Palankaraya

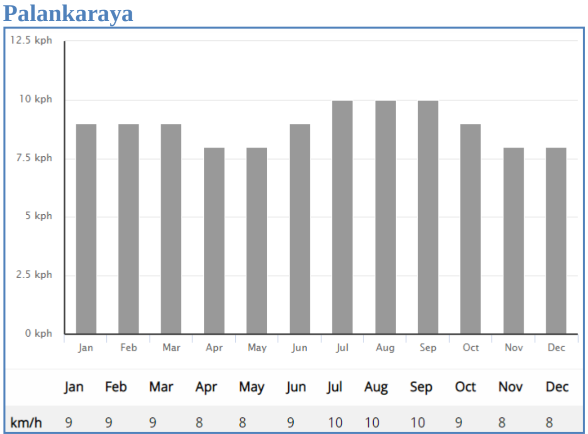


Figure 2-6 Annual wind speed chart for Palankaraya

Data source:https://www.weather2visit.com/asia/indonesia/palangkaraya.htm

2.12 Regional Mineralisation

Historically, the sedimentary basins of Central and Western Kalimantan have been mined for alluvial gold and in some areas also for diamonds. More recently, it has been recognised that the alluvium hosting the gold is also prospective for HMS.

In 2017 Indonesia was ranked 4th in world zircon production with production of 120,000 metric tonnes.

[3] Palankaraya is located 170 km south of the project area.

2.13 Regional Geology

The Mandiri tenement is situated on the anticlinorium complex within Barito Basin with a pull apart sedimentary basin, occurring in Paleogene age, in Central Kalimantan. Mandiri syncline startigraphy consists of Tertiary sedimentary rocks sequences; Middle Miocene to Holocene age.

Figure 2-7 Simplified geological plan of Kalimantan Island

3 Mandiri Project

3.1 Introduction

3.2 Exploration History

There is no record of any systematic exploration having been conducted over the Mandiri tenement area.

Artisanal miners have been active within the concession area for many years. The artisanal miners usually use a diesel pump to suck sand from shallow ponds to riffle boxes where the valuable components are recovered. Recovery is generally low and the depth of workings rarely exceed 4 m.

Figure 3-1 Area of previous artisanal workings at Mandiri

Figure 3-2 Artisanal miners within the Mandiri Tenement in January 2019

3.3 Geology

The HMS bearing strata of the Mandiri deposit is ancient Kahayan alluvium, which was deposited during the Holocene age. In general, alluvium has varying thickness of between 2 m and 10 m. The lithology consists of loose quartz, medium grained intercalated grey mudstone containing carbonaceous, shale and bed load stream product; coarse grain sand layer.

The following description of the alluvium and Werukin Formation are reproduced from Nila, Rustandi and Heryanto (1995)

Alluvium, Holocene age, pale black to dark brown peat (paludal deposit); loose sands, yellowish color, fine to coarse grained, unbedded (ancient Kahayan alluvium deposit); clay grey to brownish color, very soft, locally containing plant remains (tidal area); kaolinite clay. The thickness of this unit ranges from 50 to 100 m.

Werukin Formation (Tmw), middle Miocene to Pliestocene, this formation comprises brownish black conglomerate, compact, clast consists of quartzite and basalt fragments, diametere 1 – 3 cm, open fabric with matrix of sand. Alternating with yellowist sandstone, medium to coarse grained, locally exhibit crossbedding. intercallated grey mudstone, rather soft, carbonaceous, contain sub-bituminus coal seam partly, appear as interbedded within sandstone bed with the thickness of 20 – 60 cm. The Werukin Formation has 300 m in thickness. Werukin Formation is deposited in a paralic environment. Werukin Formation is the one of main coal bearing Formation in Barito Basin.

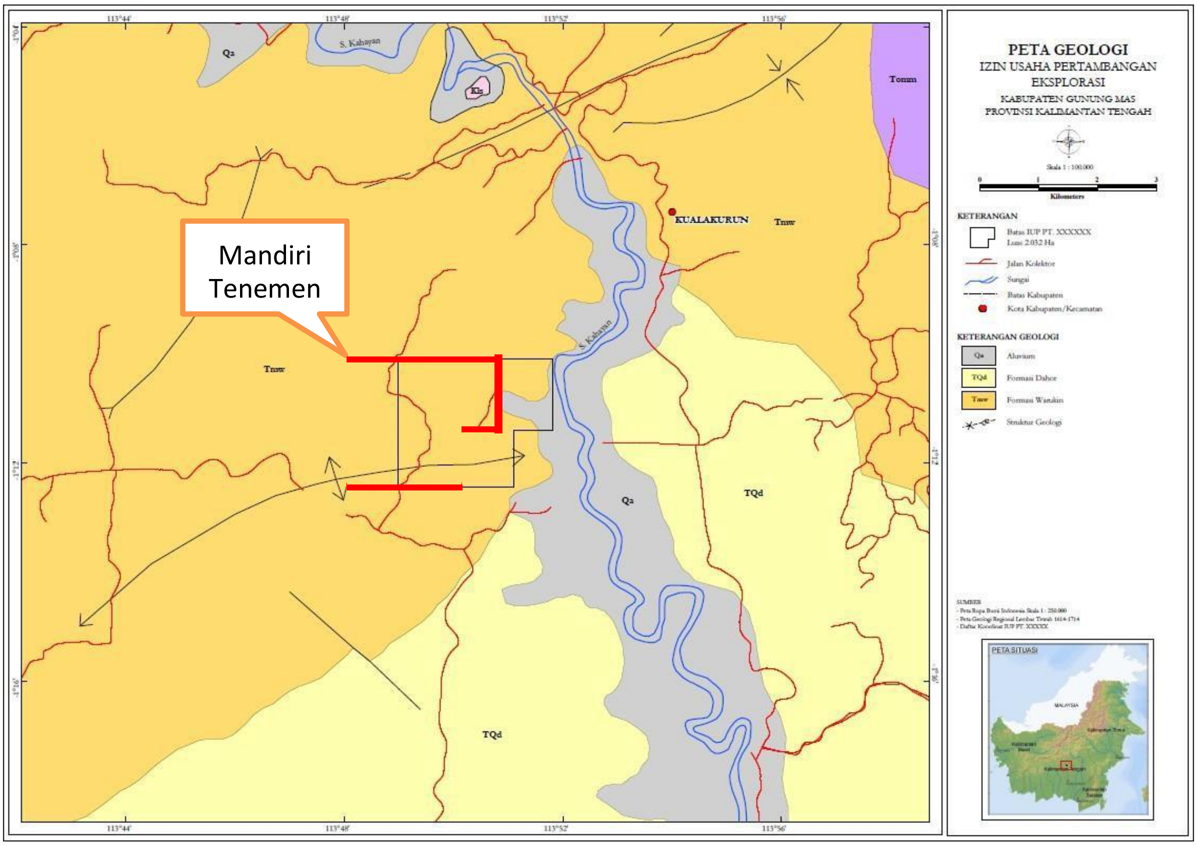


Figure 3-3 Geological map of the Mandiri tenement area

3.4 Database

The technical database for the project is very scant consisting of 52 auger drill holes, XRF analyses, HM content, slimes content and oversize content determinations and mineral assemblage data.

While the exploration database might be small a large quantity of material from the tenement area has been processed through the plant owned by PTIM providing valuable information regarding the mineralogy and characterisation of the heavy mineral assemblage.

3.5 Mineralisation

Geologically the HMS deposit at Mandiri is a placer deposit formed in a flood plain environment by concentration of heavy minerals, mostly zircon ($ZrSiO_4$), rutile (TiO_2), leucoxene ($FeTiO_3$,TiO_2) and ilmenite ($FeTiO_3$)). Zircon is the most valuable component followed by rutile, leucoxene and ilmenite in terms of value given to the ore. Gold, platinum and cassiterite have also been identified in the concentrate with gold recovered from the processing plant. The deposit is overlain by the Werukin Formation. The heavy minerals within the source sediments attain an economic concentration by accumulation within low-energy environments within streams and most usually on beaches. In alluvial placer deposits the medium to high energy zones on the stream are the meandering bars and channel zone. In these zones, the HM grains accumulate because they are denser than the quartz grains they occur with and become stranded. It is for this reason that alluvial placer deposits are often referred to as "strand-line deposits". The deposits are found in unconsolidated sand strata.

3.6 Geometry of the mineralisation

The mineralisation occurs as a tabular body within alluvium as a layer of between 2 m to around a maximum of 11.5 m.

3.7 Drilling Methods

A programme of auger drilling (phase 1) and surface geological mapping was conducted in November to

December 2018 with a second and third phase of auger drilling completed during January and February 2019.

The phase 1 auger drilling was undertaken using a 55 mm blade barrel auger at 200 m spacing and covered an area of 470 ha, or 12.50 % of the total concession area of 2,032 ha. A total of 18 hand powered auger holes were completed and all holes intersected the target alluvium bed. Based on the surface geological mapping it is estimated that the tenement contains about 1,100 ha of mineralised alluvial sand. About 60% of the mineralised area has been disturbed by artisanal mining activity but it is noted that this activity was only over shallow depths and the recovery was very poor.

The phase 2 auger drilling used a motorised auger in an attempt to get samples at greater depth but most of the holes collapsed below the water table and the holes were terminated. The spacing of the holes were increased to 400 m by 800 m in an effort to get samples over the entire area of the HMS layer.

A total of 52 holes were completed

For the phase 1 and 2 drilling 35 holes intersected alluvium but only 5 holes reached the basement with a maximum thickness of 11.5 m.

The auger samples were collected in 1 m intervals and placed in core trays prior to being placed in plastic bags for storage. Sub-samples were sub-sampled using the cone and quartering method.

Figure 3-5 Cone and quartering of samples

3.7.1 Recovery

During auger drilling, core logging was undertaken by the site geologist with the details of the core recovery recorded for each run. Core recovery was generally high for samples above the water table. Once the water table was reached the holes generally collapsed and the hole was abandoned.

3.7.2 Sampling

The HMS core samples were carefully recovered and placed in open PVC trays and sampled at 1 m sample spacing which was then delivered for storage at Palangkaraya by the site geologist. The down-hole alluvial strata and sedimentary rocks were logged by the site geologist.

Features recorded during logging included lithology, colour, grain size, boundary contact with adjacent lithologies and a general description of the material.

Figure 3-6 Core from auger hole DA-229 laid out for logging

The samples were delivered to PTIM's office in Palangkaraya where the samples were analysed for Zr, Ti, Th & Fe using an Olympus portable XRF unit. Sub-samples were prepared by cone and quartering and submitted for HM%, slime% and oversize% in addition to a range of elemental analyses as a check to the Olympus analyses.

Sampling Methodology

1. Clean the core from the other materials,
2. Record the range depth of the sample accurately,
3. Visually estimate the type of slimes and percentage,
4. Determine the type of Tertiary sediment and its boundary,
5. Ensure the Heavy Mineral Sand is free from contamination material (organic or inorganic),
6. Heavy Mineral Sand more than 1 m in thickness sampled based on 1 m sample interval,
7. Individual samples dried under the sun,
8. The dried sample was sub-sampled using the cone and quarter method,
9. Pack sample (weight 1 kg per sample) in plastic bags and assigned a unique sample number and sent to Palangkaraya office,

3.8 Survey control

All auger holes and sample sites were recorded using a Garmin 60cs hand held GPS unit. The estimated error is in the order of ±15 m.

RLs were not recorded as the tenement area is relatively flat. The mineralised horizon either outcrops or at most is beneath a 1 m soil horizon. The mineralised intersection was composited over the length of the alluvium intersection and the unit was continuous over the area sampled with no evidence of structural disruption.

3.9 Density

A density factor was estimated for each mineralised intersection based on the SG calculated for each ore block on the basis of its interpolated HM content according to the accepted industry standard formula SG = 1.686 + (0.0108 x HM%); The average density for the deposit is 1.75.

3.10 Analyses

Analyses for Zr, Ti & Fe were made on individual 1 m samples in the field using an Olympus portable XRF unit. A composite sample for each hole was prepared and submitted to the UPTD Laboratorium Energi Dan Sumber Daya Mineral for analysis by XRF.

Table 3-1 Basic statistics for mineralised intervals for the laboratory analyses

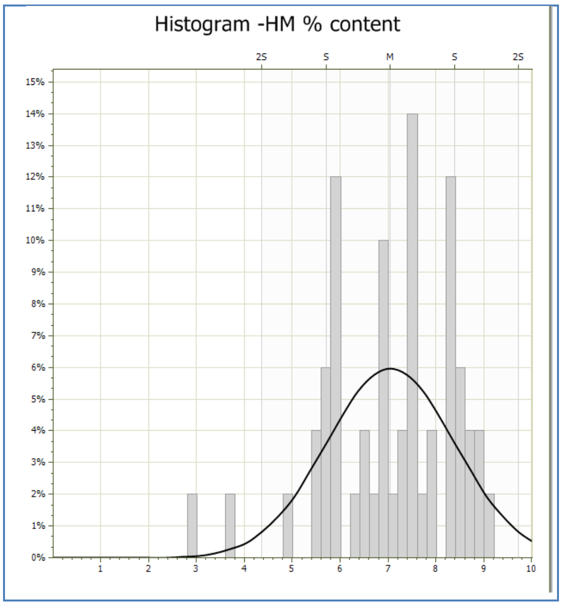
Item	Minimum	Maximum	Mean
Zirconium %	0.93	1.65	1.26
Titanium %	0.43	1.21	0.91
Iron%	0.78	1.90	1.30
Zircon% - calculated	1.86	3.32	2.53
Rutile% - calculated	0.08	0.22	0.17
Ilmenite% - calculated	1.22	3.40	2.57
HM% - calculated	3.96	6.52	5.26

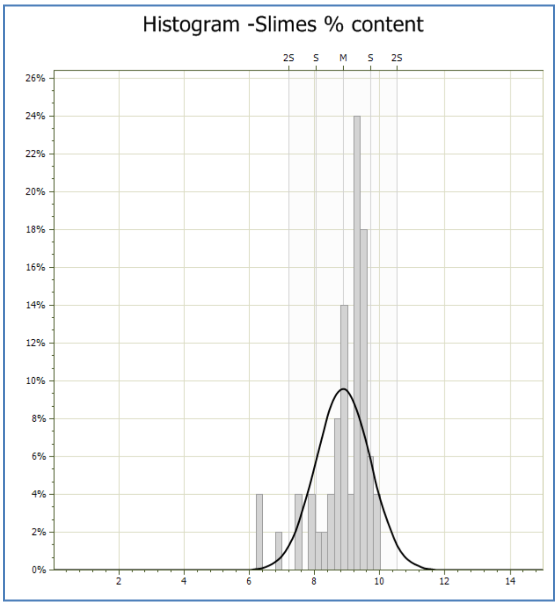
Note: zircon, ilmenite and rutile content was calculated from elemental Zr,& Ti. The ratio of rutile to ilmenite was based on production data from the plant.

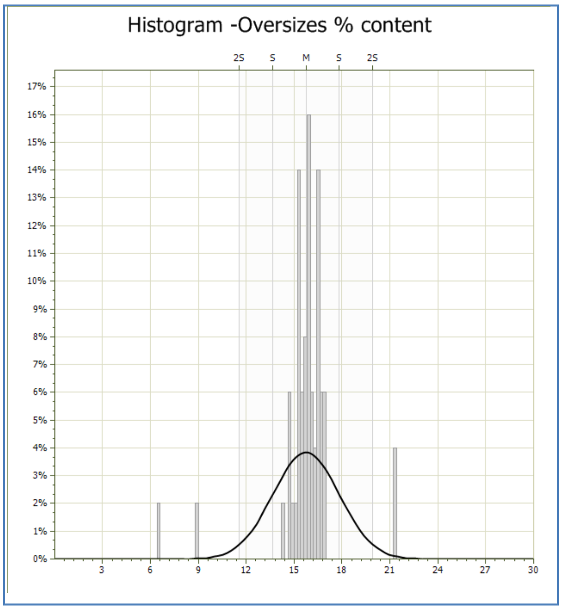
Table 3-2 Basic statistics for the HM, slime, oversize and mineralised intervals

Item	Minimum	Maximum	Mean
HM%	2.94	9.10	6.91
Slimes5	6.24	9.85	8.70
Oversize%	6.42	21.23	15.44
Interval (m)	0.3	11.5	3.68

The distribution of the analyses for HM, slimes and oversize in percent and mineralised interval in metres are shown in the figures below.







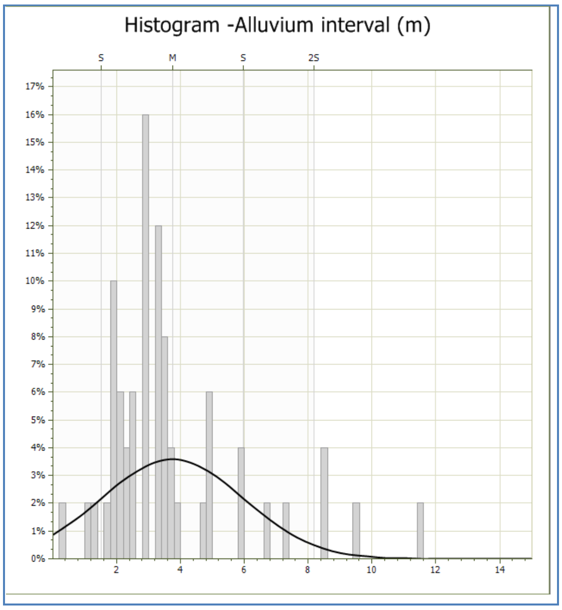


Figure 3-7 Histograms of the distribution of HM%, Slimes%, Oversize% & alluvium thickness (m)

A composite sample from which a concentrate was prepared was submitted for analysis of major and minor components commonly found in HMS deposits (Table 3-3).

Table 3-3 Analysis of HM composite sample concentrate from auger drilling at Mandiri

LABORATORIUM PUSAT SURVEI GEOLOGI
(*GEOLOGY LABORATORIES*)
Jl. Diponegoro No. 57, Bandung, 40122, Indonesia
Telp: 022-7203205, 6032207 Fax: 022-7202669, 6127941 E-mail: labgeologi@grdc.esdm.go.id

HASIL UJI KIMIA METODE XRF
(*XRF METHOD CHEMISTRY ANALYSIS RESULT*)
Nomer lab. (*lab. number*) : 089/L/GL/2.2/12/2018
Tanggal (*date*) : 20 Desember 2018

Kode sampel (*sample code*)	: IM.01	Tanggal diterima (*received date*)	: 17 Desember 2018
Kode lab. (*lab. code*)	: 291/2.2/18/1352	Tanggal diuji (*analyzed date*)	: 19 Desember 2018
Lokasi (*location*)	: Kalimantan Tengah	Metode uji (*method*)	: GL-MU-2.2
Kedalaman (*depth*)	: -	Metode preparasi (*preparation method*)	: *Pressed Pellet*
Pemilik (*property*)	: **PT. INVESTASI MANDIRI**		

Compound	m/m%	StdErr	El	m/m%	StdErr
ZrO2	**42.09**	**0.25**	**Zr**	**31.16**	**0.18**
SiO2	**27.18**	**0.22**	**Si**	**12.71**	**0.10**
TiO2	**21.68**	**0.21**	**Ti**	**13.00**	**0.12**
Fe2O3	**3.97**	**0.10**	**Fe**	**2.77**	**0.07**
Al2O3	1.55	0.06	Al	0.821	0.033
Cr2O3	1.09	0.05	Cr	0.748	0.036
HfO2	**0.581**	**0.029**	**Hf**	**0.493**	**0.025**
MgO	0.292	0.015	Mg	0.176	0.009
MoO3	0.202	0.012	Mo	0.135	0.008
MnO	0.147	0.007	Mn	0.114	0.006
V2O5	0.126	0.006	V	0.0703	0.0035
SnO2	0.104	0.005	Sn	0.0816	0.0041
Y2O3	0.102	0.005	Y	0.0804	0.0040
CaO	0.0608	0.0030	Ca	0.0435	0.0022
K2O	0.0273	0.0014	K	0.0227	0.0012
U3O8	**0.0195**	**0.0034**	**U**	**0.0165**	**0.0029**
Nb2O5	0.0188	0.0034	Nb	0.0131	0.0024
La2O3	0.0177	0.0027	La	0.0151	0.0023
Yb2O3	0.0153	0.0028	Yb	0.0134	0.0024
ZnO	0.0135	0.0013	Zn	0.0108	0.0010
OsO4	0.0134	0.0029	Os	0.0100	0.0022
Sc2O3	0.0100	0.0012	Sc	0.0065	0.0008
Ga2O3	0.0049	0.0007	Ga	0.0036	0.0005
GeO2	0.0029	0.0007	Ge	0.0020	0.0005

REST= 0.61 LOI

Kepala Subbidang Geologi Dasar dan Terapan
selaku Manajer Teknis,

Aries Kusworo, S.T., M.T.
NIP. 197203112006041001.

Catatan (*notes*):
Hasil pengujian ini hanya berlaku untuk sampel yang diuji (*this analysis result is only valid for the tested sample*).

3.11 QA/QC

Some basic QA/QC work was carried out to confirm the accuracy and precision of the sampling work. This included twinned auger holes, Certified Reference Material and duplicate sample analyses.

3.11.1 Twinned auger holes

Two auger holes were twinned by a second hole drilled approximately 3 m apart. The holes are designated with a suffix “R”. The second twinned hole was only 1.2 m in depth and no samples were collected. The results for auger holes DA-206 & DA-206R are presented in Table 3-4.

Table 3-4 Results of twinned auger drilling

Hole-ID	East-	North-	Depth	Interval	HM%
DA-206	818591	9869569	4	4	8.45
DA-206R	818611	9869571	4.6	3.6	8.22

Hole-ID	Zr (%)	Ti (%)	FE (%)	Zircon (%)	Rutile (%)	Ilmenite (%)	HM (%)
DA-206	1.66	1.07	1.6	3.47	0.19	2.93	6.59
DA-206R	1.80	1.08	2.03	3.62	0.20	3.05	6.86

3.11.2 Standards

A set of six standards were purchased to test the accuracy of the Olympus portable XRF unit. The results (Table 3-5) are equivocal and probably due to the different matrix of the samples relative to HMS material.

Table 3-5 Results of testing certified reference material

Standard	Reading 11		Reading 2		Reading 3		Reading 4		Reading 5	
	Zr (%)	Ti (%)	Zr (%)	Ti (%)	Zr (%)	Ti (%)	Zr (%)	Ti (%)	Zr (%)	Ti (%)
OREAS 461	656	2.75	633	2.68	641	2.73	669	2.73	686	2.7
Certified value	603	1.84								
AMIS 0304	1135	1.39	1193	1.36	1154	1.35	1190	1.39	1112	1.38
Certified value	1002	1.08								
OREAS 465	1703	9.74	1665	9.72	1676	9.59	1676	9.45	1657	9.58
Certified value	1879	6.30								
OREAS 98	212	2863	225	3009	228	3128	212	3079	208	3014
Certified value	67	2398								
OREAS 045e	363	8645	368	8632	361	8803	371	9257	358	9115
Certified value	242	5840								

The standard OREAS-461 was analysed after approximately every 10 sample readings with a mean value of 660 ppm Zr.

Table 3-6 Results of routine analysis of standard OREAS-461 for Zr

Zr ppm	Zr ppm	Zr ppm	Zr ppm
668	655	672	668
645	664	644	
664	664	644	
672	668	664	

3.11.3 Duplicates

No duplicates were specifically collected as part of the QA/QC which is an item that will need to be changed for future drilling programmes.

One composite sample previously laboratory analysed was recovered from the laboratory and analysed by the Olympus XRF unit (Table 3-7). Similarly, samples analysed in the field by the Olympus XRF unit were submitted for laboratory analysis (Figure 3-8 to Figure 3-11) at UPTD Laboratorium Energi Dan Sumber Daya Mineral.

Table 3-7 Results of Olympus XRF compared to Bandung Laboratory – Composite HM concentrate

Oxide	Bandung Laboratory XRF results	Olympus XRF	
		Reading 1	Reading 2
ZrO_2	42.09	41.96	40.47
TiO_2	21.68	23.52	21.63
Fe_2O_3	3.97	6.12	5.47
SiO_2	27.18	14.82	17.41
Al_2O_3	1.55	1.73	2.07

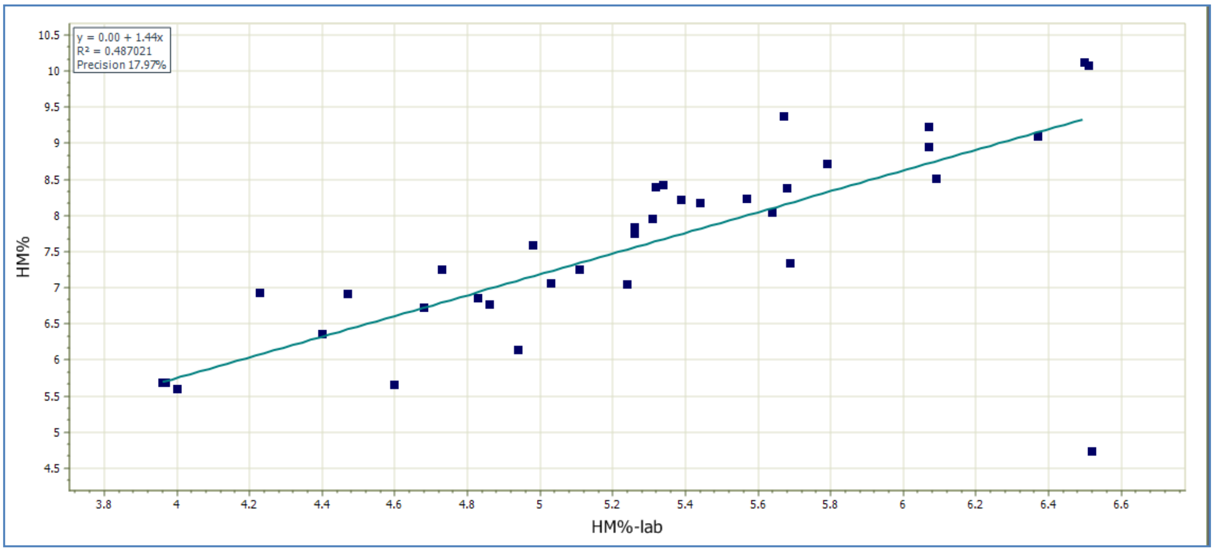


Figure 3-8 HM% Plot of field analyses (y-axis) relative to laboratory XRF results

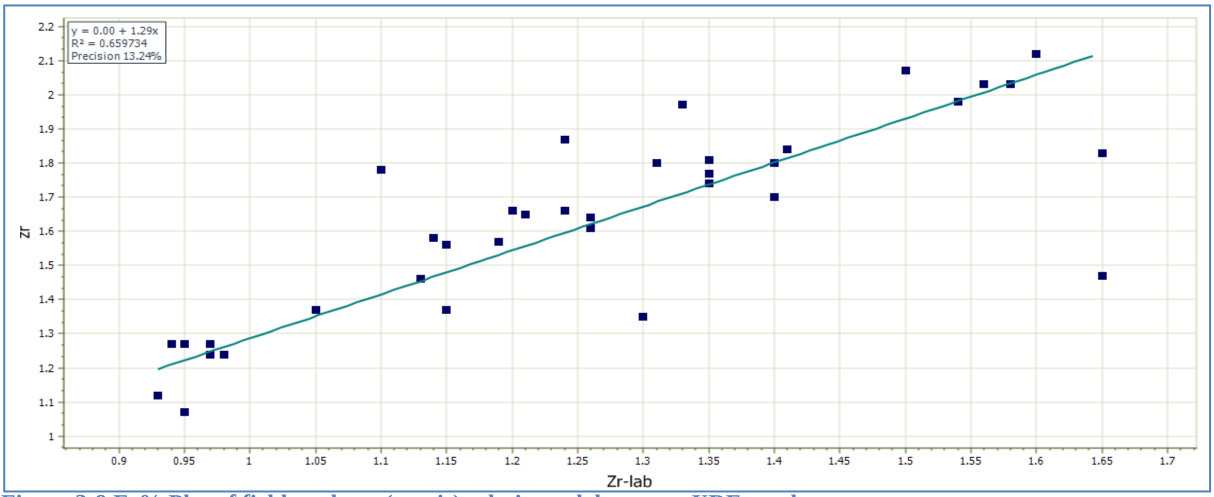


Figure 3-9 Fe% Plot of field analyses (y-axis) relative to laboratory XRF results

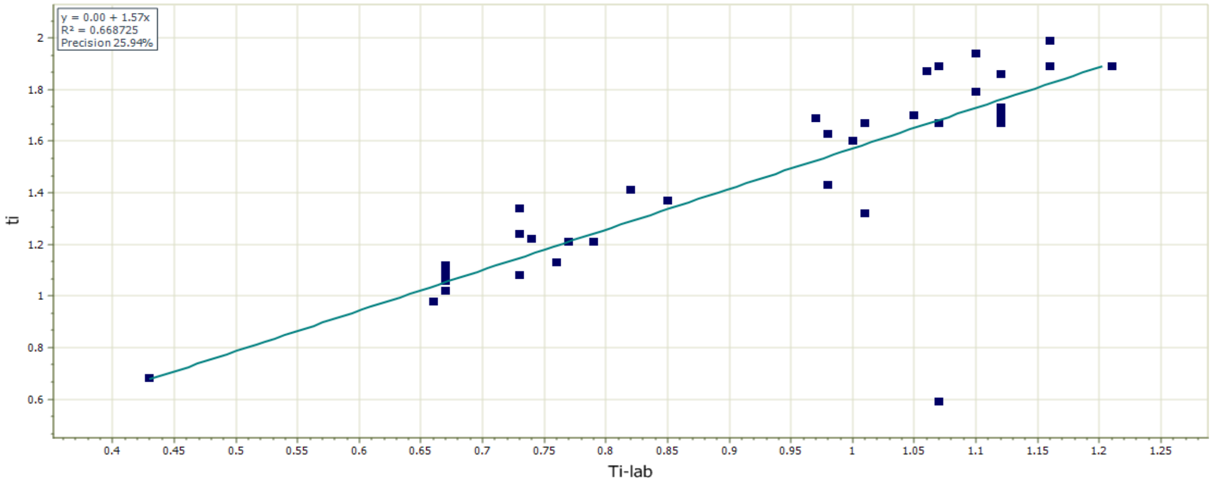


Figure 3-10 Ti% Plot of field analyses (y-axis) relative to laboratory XRF results

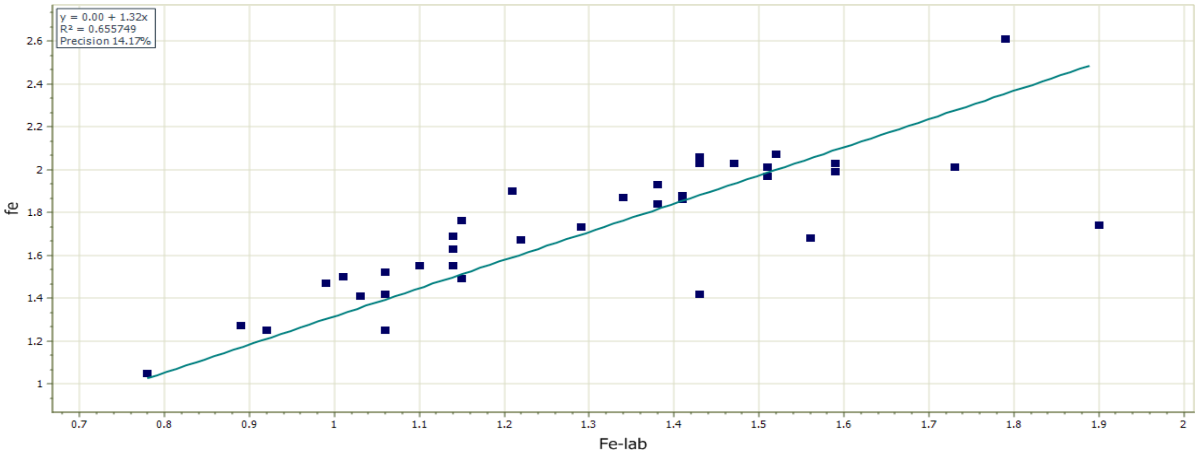


Figure 3-11 HM% Plot of field analyses (y-axis) relative to laboratory XRF results

4 Mineral Resource Estimation Methodology

4.1 Estimate Procedure

CRM carried out this resource estimate for Mandiri Heavy Mineral Deposit. The estimate was made by Dr John Chisholm, Principal Geologist. It is reported in accordance with the 2012 Edition of the JORC Code. The estimate employed Inverse Distance modelling method to produce an ore block model (OBM) of the mineralisation within the deposit. Micromine Version 18.0.846.3 software was used for the production of the OBM.

4.2 Upper and Lower Cuts

Based on the distribution of the analytical results no upper cuts were applied. CRM is of the opinion that the 2% cut-off grade selected is appropriate for the type of mineralisation and the Inferred status of the resource.

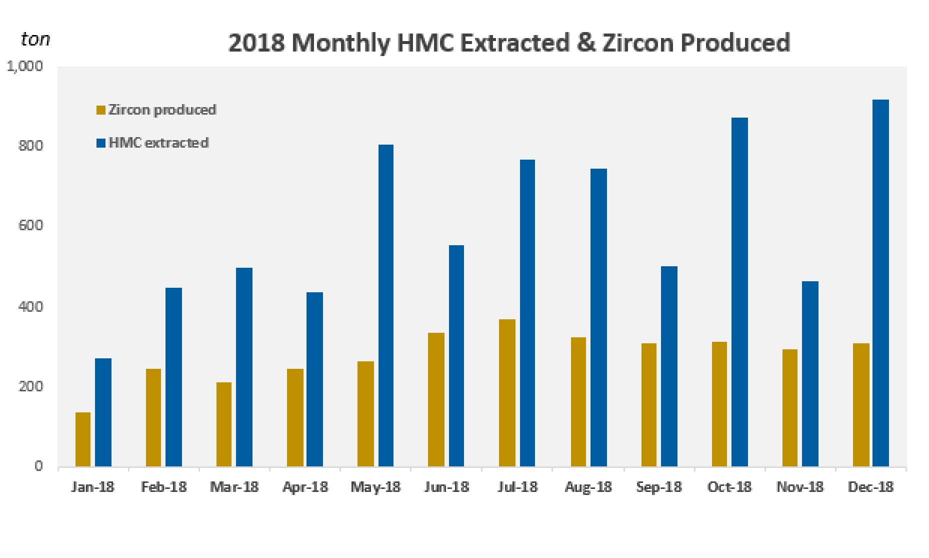
4.3 Previous Mineral Resource Estimates

CRM is not aware of any previous mineral resource estimates for the Mandiri Project.

4.4 Ore Reserves

There are no Ore Reserves current for the Mandiri Project.

Notwithstanding the fact that there are no defined Ore Reserves there is current production from the tenement by artisanal miners. Production of HMC from the tenement is available for the past year (Figure 4-1). Below production data for 2018 and 2019 in terms of HMC extracted from the tenement and Zircon produced at the plant.



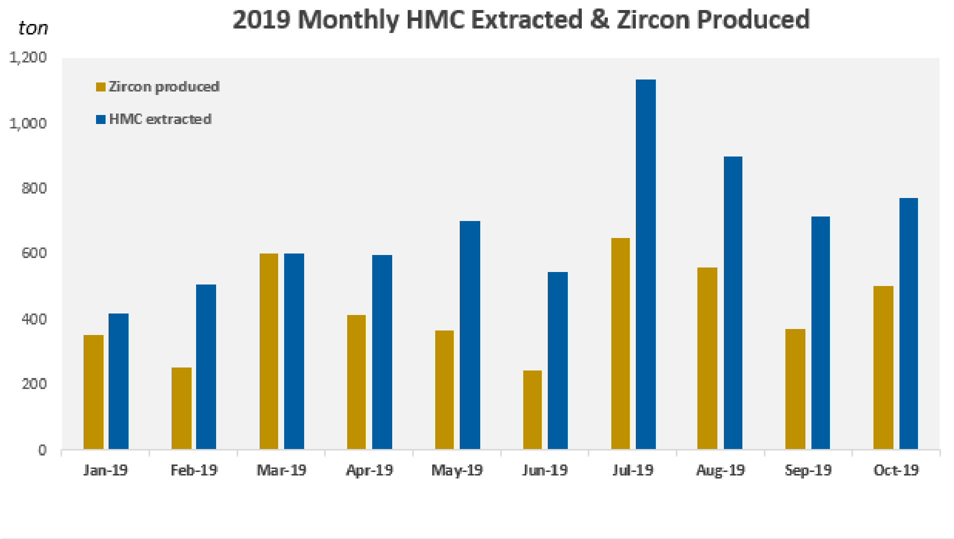


Figure 4-1 Monthly HMC production from the Mandiri tenement during 2018

It is not possible to determine the grade of the Mandiri HMS on the basis of the mined material as the artisanal miners do not record the volume of sand processed and modify their recovery process to maximise recovery of zircon at the expense of reduced ilmenite and rutile recovery. The artisanal miners are paid for concentrate produced based on the zircon content which is variable.

Information regarding the mineralogy is provided by the mineralogical content of a 551 t batch of dry high grade zircon concentrate which does not reflect the ratio of rutile to ilmenite in the deposit as most of the rutile and ilmenite has been reported to the rutile/ilmenite product during the beneficiation process.

Table 4-1 Mineralogical composition of a 551 t dry weight sample of high grade zircon concentrate from the Mandiri Tenement

Mineral	Weight	Relative %
Zircon	358 t	64.97 %
Mixed ilmenite	104 t	18.87 %
Rutile	13 t	2.36 %
Monazite mix	4 t	0.73 %
Trash	72 t	13.07 %
Gold	1041 g	1.89 g/t
Total	551 t	100.00 %

Note: The feedstock sample was obtained via contracted miners who are only engaged for the purposes of extracting Zircon.

The relative percentage of the minerals comprising the mineral assemblage for the Mandiri HMS deposit (Table 4-2) based on actual production data for a 12 months period from the PTIM processing plant and supported by chemical analyses is consistent with the results of the mineralogical composition of the 551 t sample referred to in Table 4-1. All data used in the above analysis was supplied by PTIM during the actual site visit in January 2019.

Table 4-2 Mineral assemblage and contained tonnes of the components (unrounded)

Component	Zircon	Ilmenite	Rutile	Other	Waste +H_2O	Total
Relative %	68%	9.5%	8.5%	1%	13%	100%

4.5 Mineral Resource Estimation Parameters

4.5.1 Input data

Each auger hole was logged and the interval of alluvium recorder (Int). A composite sample was prepared for the interval and analysed by the Uptd Laboratorium Energi Dan Sumber Daya Mineral in Banjarbaru. HM%, slimes% and oversize% and a suite of 14 elements were analysed plus loss on ignition (LOI). The elements analysed included; ZrO_2, TiO_2 & Fe_3O_4. Based on mineral formulae and the ratio of rutile to ilmenite present in the mineral assemblage, zircon, rutile and ilmenite contents were estimated.

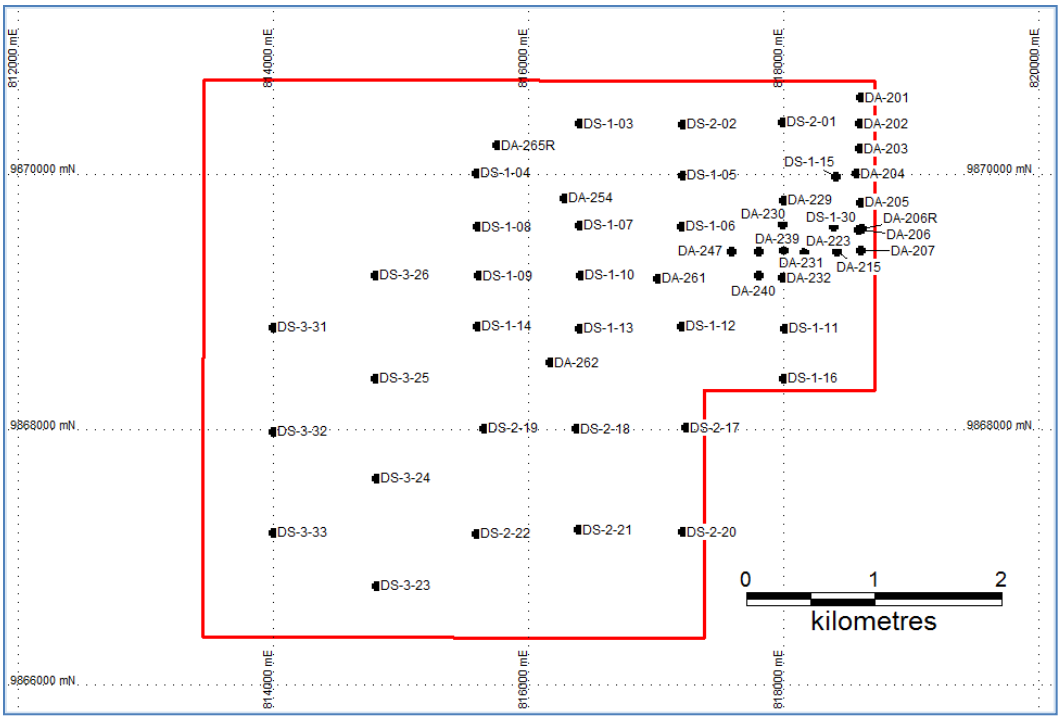


Figure 4-2 drill hole location plan

Table 4-3 Drill hole and mineral data used in the resource estimation

Hole-ID	East-UTM49M	North-UTM49M	From (m)	Interval (m)	Lab-HM%	Slimes%	Oversize%
DA-201	818600	9870600	0	5.00	7.45	9.74	15.58
DA-202	818597	9870398	0	6.00	8.32	8.94	14.99
DA-203	818599	9870200	0	3.00	5.72	9.36	16.23
DA-204	818573	9870005	1	2.00	5.94	9.21	15.65
DA-205	818600	9869782	2	3.00	6.54	9.45	14.73
DA-206	818591	9869569	1	3.00	8.45	9.45	14.76
DA-206R	818611	9869571	1	2.60	8.22	9.21	15.94
DA-207	818600	9869401	1	3.60	7.35	9.22	15.05
DA-215	818413	9869396	1	3.00	7.2	6.97	8.95
DA-223	818165	9869384	1	3.50	6.89	9.74	15.58
DA-229	817998	9869796	1	2.40	8.9	9.45	16.75
DA-230	817988	9869605	1	3.00	9.1	7.45	16.2
DA-231	818002	9869403	0	3.40	8.35	8.24	15.8
DA-232	817995	9869191	0	3.40	6.26	7.85	15.35
DA-239	817802	9869396	1	3.40	8.37	9.35	16.55
DA-240	817803	9869207	1	5.00	5.93	8.1	15.98
DA-247	817595	9869400	1	2.40	6.94	9.22	16.45
DA-254	816284	9869813	3	2.00	5.46	8.98	14.65
DA-261	817011	9869184	0	3.00	8.28	9.42	16.85

DA-262	816169	9868526	1	3.40	6.64	7.84	15.32
DA-265R	815751	9870226	1	1.40	5.52	8.73	15.92
DS-1-03	816403	9870398	3	2.00	5.62	9.47	15.83
DS-1-04	815597	9870009	2	2.00	5.94	8.64	15.32
DS-1-05	817208	9869995	1	3.35	7.59	9.22	15.96
DS-1-06	817198	9869595	4	3.00	5.86	8.74	15.26
DS-1-07	816399	9869603	1	3.80	7.42	9.13	15.74
DS-1-08	815605	9869590	0	3.25	7.54	8.94	16.43
DS-1-09	815610	9869207	2	2.00	7.38	9.04	15.34
DS-1-10	816408	9869210	1	3.50	7.64	9.63	16.34
DS-1-11	818007	9868793	4.5	2.50	6.84	8.64	15.28
DS-1-12	817198	9868810	4.45	0.30	2.94	7.52	6.42
DS-1-13	816405	9868795	1	3.60	7.42	9.31	15.42
DS-1-14	815605	9868810	1	2.20	7.52	8.93	16.42
DS-1-15	818406	9869981	0	4.65	8.42	9.53	16.65
DS-1-16	818001	9868403	0	3.00	5.98	8.98	15.84
DS-1-30	818393	9869595	1	3.70	8.73	8.43	16.2
DS-2-01	817995	9870409	0	2.60	5.75	6.24	21.23
DS-2-02	817212	9870393	0	4.00	6.84	8.85	16.57
DS-2-17	817234	9868017	0	1.80	4.82	9.5	15.8
DS-2-18	816379	9868007	0	8.60	7.89	8.45	15.21
DS-2-19	815656	9868011	0	1.20	3.72	9.85	14.36
DS-2-20	817207	9867200	0	2.20	6.42	9.23	16.54
DS-2-21	816393	9867216	0	7.35	8.94	9.24	16.89
DS-2-22	815594	9867188	0	6.00	8.62	9.22	16.85
DS-3-23	814810	9866776	0	11.50	7.42	9.35	16.04
DS-3-24	814809	9867620	0	6.70	6.85	9.42	15.88
DS-3-25	814804	9868403	0	5.00	7.96	9.45	16.75
DS-3-26	814798	9869211	0	0.00	0	0	0
DS-3-31	813999	9868803	0	9.60	8.24	8.95	15.94
DS-3-32	813998	9867985	0	8.50	8.52	9.82	16.52
DS-3-33	814004	9867194	0	2.15	5.84	6.24	21.23

4.5.2 Search dimensions

The search criteria were optimised for the primary target, the heavy minerals. CRM is, however, of the opinion that the criteria would also adequate for the estimation of the slimes and oversize content of the blocks once that information is received.

A spherical search distance of 550 m was used with an inverse distance cubed interpolation for the grade, density and mineralised interval.

4.5.3 Block Dimensions

OBM block dimensions for the Mandiri deposit were 100 m EW, 100 m NS, and the mineralised composite interval for the vertical dimension. Discretisation was not employed

Table 4-4 OBM block definitions

Area	Dimension	Min Centre	Block Size	Max Centre	Blocks
Mandiri	East	813400	100 m	818700	54
	North	9866400	100 m	9870700	44
	Z	0	1 m	20	1

Note: for the resource reporting the 1 m Z value was replaced with the interpolated interval thickness for each block.

4.5.4 Ore Block Models

A single, simple OBM was produced as a single layer. The use of the composited single interval for the mineralisation meant that a wireframe was unnecessary in order to constrain the volume and grade of the deposit.

The area within which the mineral resource was estimated represents most of the area of the tenement and was limited to the area of currently available drilling. It is likely that HMS is present outside of the current resource area but it cannot be quantified.

The distribution of HM, slimes and oversize content shows very little variation which is probably a function of the depositional environment wherein the deposit was formed. HMS deposits formed in an alluvial plain environment would shoe considerably less variability in grade than one formed as strandlines in a marine environment.

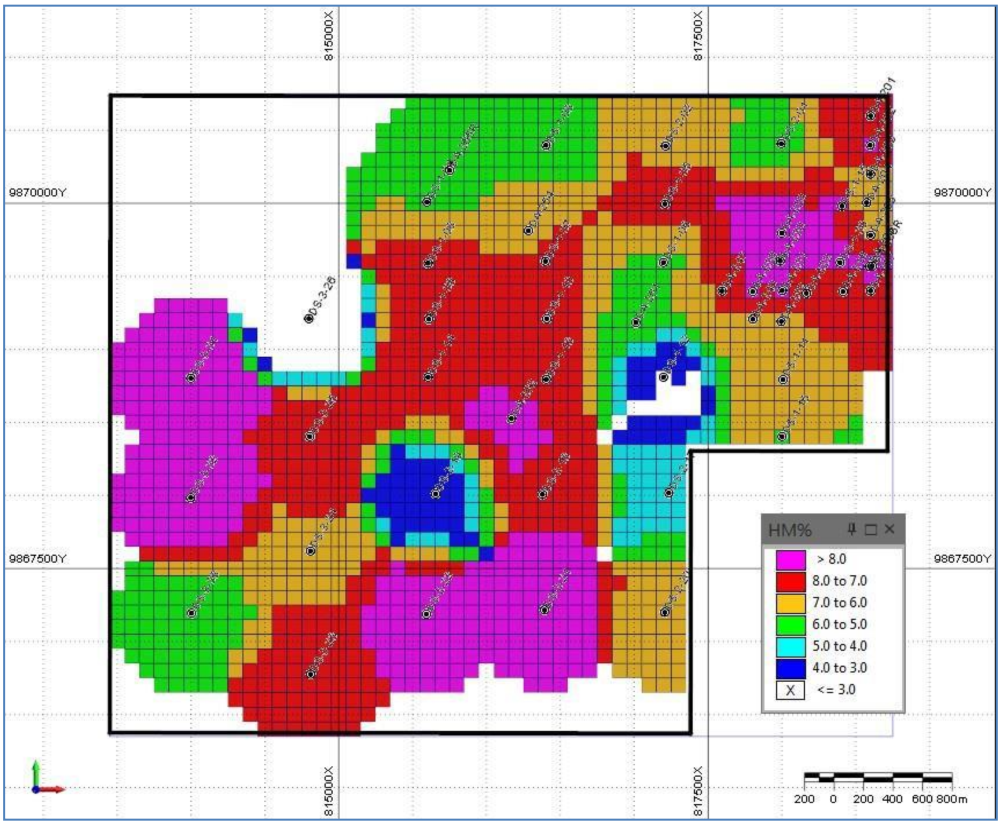


Figure 4-3 Mandiri deposit - Locations of OBMs relative to auger holes

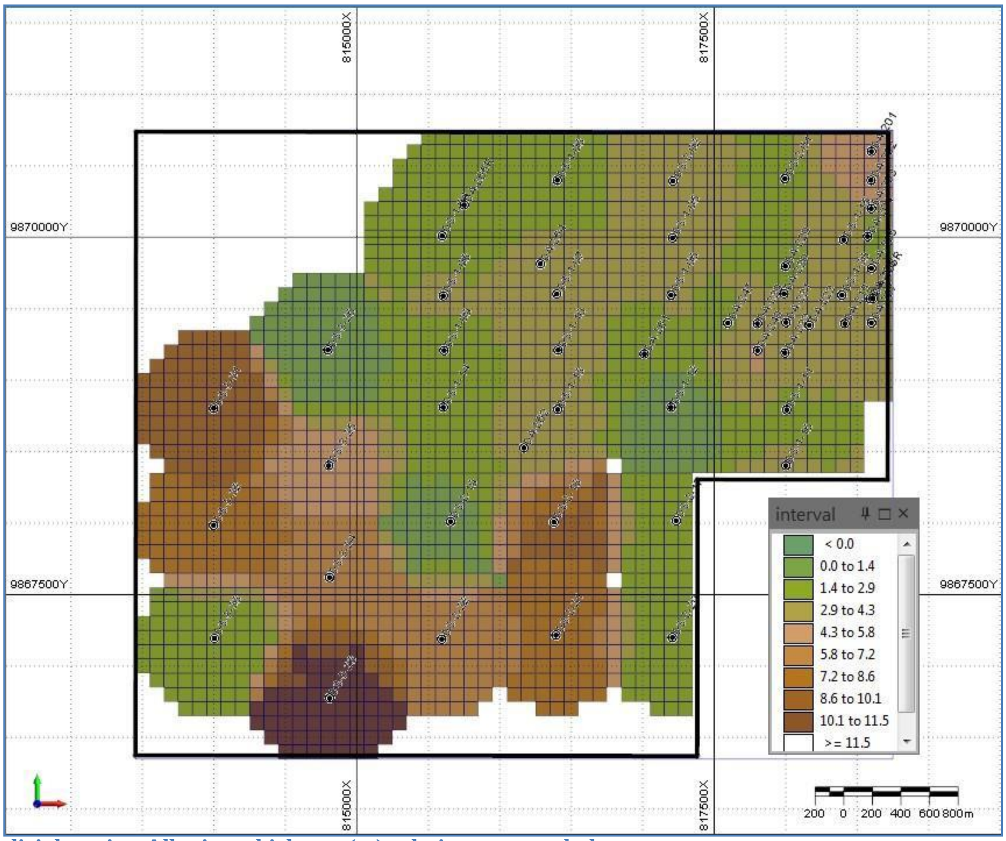


Figure 4-4 Mandiri deposit – Alluvium thickness (m) relative to auger holes

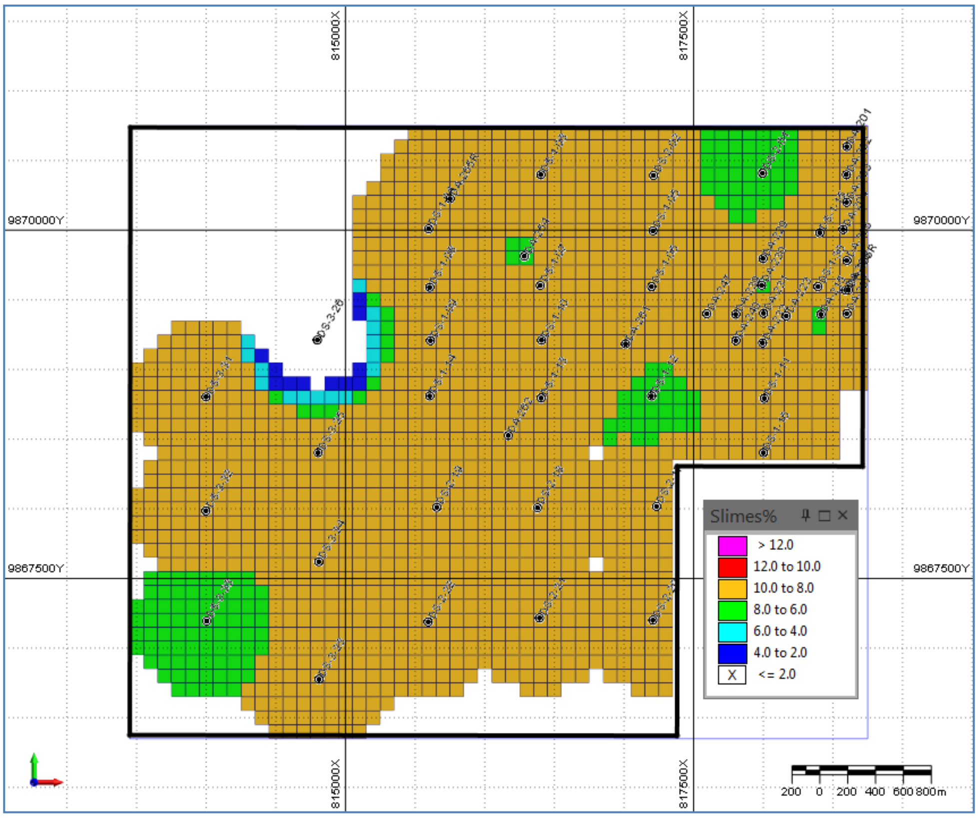


Figure 4-5 Mandiri deposit – Slimes % relative to auger holes

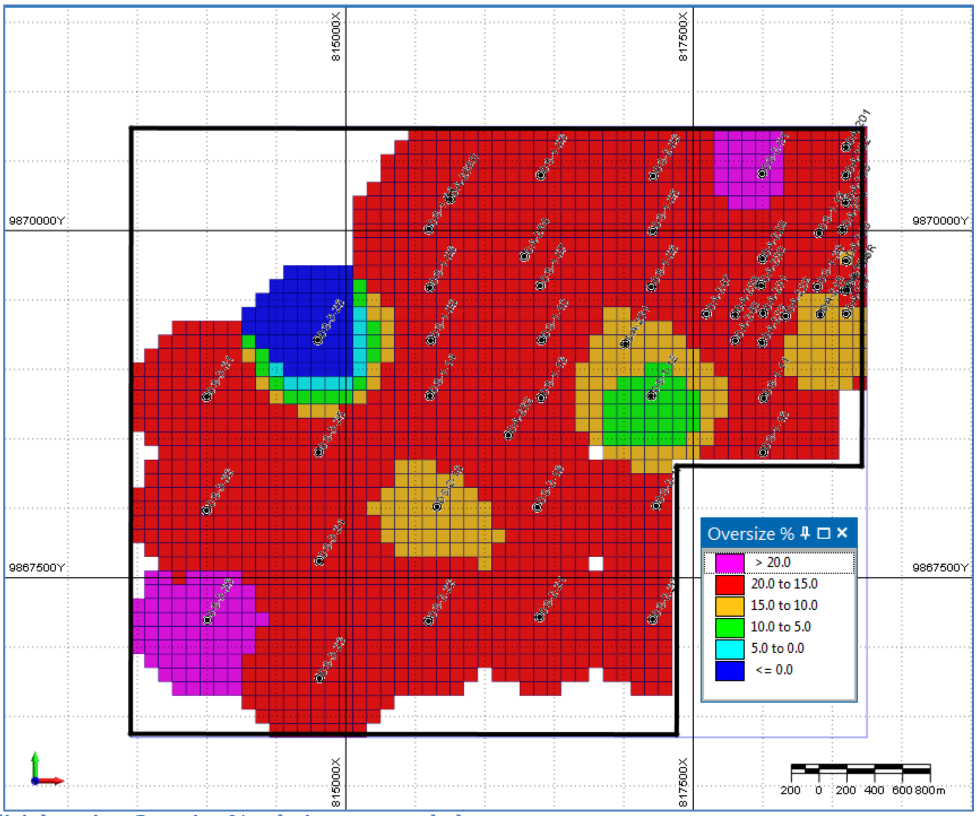


Figure 4-6 Mandiri deposit – Oversize % relative to auger holes

5 Mineral Resource Statement

Resources are reported only for those portions of the OBMs that are within the Mandiri tenement. Resources were estimated and reported for zircon, rutile, ilmenite and HM.

5.1 Resource Classification

As both the geological host units and the mineralisation are continuous throughout the modelled area it is the Competent Person's opinion that these resources meet the criteria for classification as Inferred Mineral Resources. (*An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.*).

5.2 Resource Tables

Mineral Resources (unrounded) for the Mandiri Heavy Mineral Deposit within mining permit Izin Usaha Pertambangan-Operasi Produksi are set out in Table 5-1. The resources are reported at a lower block cut-off grade of 2% HM. As the mineral assemblage for the Mandiri tenement is well established the valuable heavy mineral (VHM) content represents approximately 86% of the HM content in the Mineral Resource estimate.

Table 5-1 Mineral Resources above 2% HM lower block cut-off grade (unrounded)

Area	Category	Tonnage (Mt)	HM (%)	Slimes (%)	Oversize (%)
Mandiri	Inferred	126.3	7.43	8.98	16.14

The Inferred Mineral Resources for the Mandiri HMS deposit are defined as 126 Mt containing 7% HM including 9% slimes and 16% oversize at a lower cut-off grade of 2%.

The mineral assemblage of the product from the Mandiri project is well established based on production records from the PTIM processing plant and confirmed[4] by the certified laboratory analyses required by legislation for export product.

Table 5-2 Mineral assemblage and contained tonnes of the components (unrounded)

Component	Zircon	Ilmenite	Rutile	Other	Waste + h2o	Total
Relative %	68%	9.5%	8.5%	1%	13%	100%
Contained mineral	6.00 Mt	0.84 Mt	0.75 Mt	0.09 Mt	1.15 mt	8.82 Mt

Note: total may not agree due to rounding.

Based on the data available, the tonnage of contained zircon, ilmenite and rutile which together comprise the VHM is 7.59 Mt.

Resources are given in Table 5-3 at various lower block cut-off grades of contained HM.

[4] Based on the known chemical composition of each mineral present in the assemblage.

Table 5-3 Inferred Resources by lower block cut-off grade (unrounded)

Category	Cut-off Grade (% HM)	Cumul. Tonnage (Mt)	HM (%)	Slimes (%)	Oversize (%)
Inferred	8	43.3	8.47	9.23	16.42
	7	88.4	7.99	9.18	16.19
	6	112.2	7.70	9.10	16.18
	5	125.0	7.53	9.01	16.25
	4	126.1	7.48	8.99	16.20
	3	126.1	7.44	8.99	16.16
	2	126.3	7.43	8.98	16.14

There is only minor material less than 2% HM.

5.3 Resource Validation

5.3.1 Input-Output Comparison

Comparisons between mean input analyses and estimated grades are given in Table 5-4 for each wireframe.

Table 5-4 Comparison of Input and Output Grades

Model	Input HM %	Estimate HM %
Mandiri	6.91	7.43

There is good agreement between input and output grades.

5.4 Previous Estimate Comparison

There are no known mineral resource estimates.

5.5 Exploration potential

5.5.1 Heavy Mineral Sands

The main area for potential mineralisation is below the water table as the auger drilling only tested the alluvial zone above the water table. The deepest auger hole that intersected bedrock was 10 m in depth. It is most likely that an additional mineralisation will be located below the currently defined resource. Testing this zone will require drilling using an air-core mechanised drilling rig.

In addition to the Exploration Target below the water table there is the potential for additional HMS mineralisation to be located to the northwest of the current resources below the younger Werukin Formation.

An Exploration Target which is an estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade, relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource.

In the case of the Mandiri tenement the Exploration Target for HMS within the Mandiri tenement is in the order of 25 – 30 Mt of sand containing 4 - 7 % heavy minerals.

5.5.2 Gold

The tenement is known to contain alluvial gold. In the course of panning samples during the auger drilling the site geologists reported small gold grains in auger hole DA-206R.

Two analytical certificates accompanying rutile concentrate for export report gold values of 17 g/t and 37 g/t. In addition, platinum is reported at levels of 215 g/t and 101 g/t.

Laboratory analysis of concentrate from the processing plant reports gold grades of 5 – 7 g/t Au in concentrate.

6 Mineral processing

PTIM has constructed a processing plant located 23 km to the south of the Mandiri Project area. The plant incorporates the standard HM processing equipment in the form of gravity shaking tables, dryers, electro-static separators and electro-magnetic separators.

The current production capacity is in the order of 1,500 tpm.

Figure 6-1 Shaking table at the Mandiri plant

Figure 6-2 Electrostatic and electromagnetic separators installed at the Mandiri plant

The separation process currently in operation at the Mandiri processing plant is illustrated in Figure 6-3 and is as follows:

- HM feed material is passed over gravity shaking tables in a process that increases the zircon concentrate up to between 55% to 60%. At this stage, all waste sand isseparated.
- After the gravity shaking tables the concentrate is dried through a rotary dryer then cooled.
- The dried and cooled concentrate is then passed through an electro-static separation unit that separates metallic from non-metallic or non-conductive minerals. .
- The final stage in the process is passing the zircon concentrate through an electro-magnet separation unit to produce a very high-grade zircon product of between 66 to 68% zircon. At this stage the TiO_2 and FeO_2 will be very low (<0.1%) and the zircon product is classified as high-grade premium zirconsand.

- The black heavy minerals separated from the zircon during the electro-static separation is passed through the electro-magnet separation unit using different settings

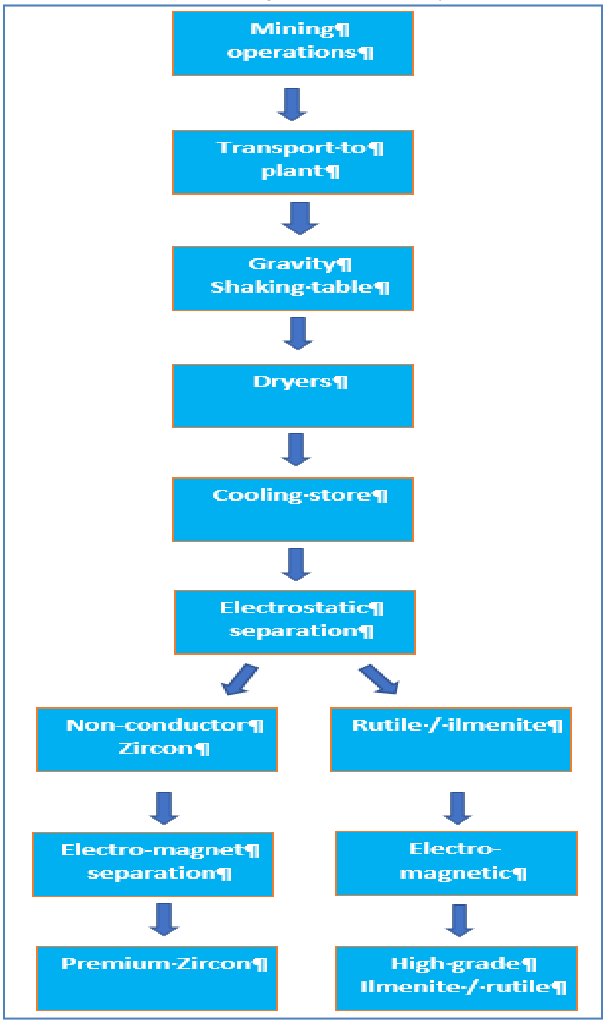


Figure 6-3 Schematic processing scheme at the PTIM plant

7 Proposed Exploration and Budget

The current auger drilling did not test for potential mineralisation below the water table. The testwork to date has relied upon chemical analyses to estimate the quantities of minerals present which is not unreasonable given the information provided by the production of HMC sourced from within the tenement and treated through the PITM processing plant. This level of information is the minimum acceptable for an Inferred Mineral Resource as defined by the JORC Code.

It is recommended that exploration should focus on both the Mandiri tenement and also on looking for additional resources within the region. The Mandiri tenement has demonstrated HMS resources which can be readily expanded by drilling below the water table. The region is well endowed with HMS potential as testified by the extensive areas of artisanal workings.

7.1 Mandiri tenement

It is recommended that all the current auger holes be re-drilled using an air-core rig to test the entire thickness of alluvial sands down to the bedrock and extending the distribution of holes to cover the entire tenement area.

Samples are to be submitted for determination of HM%, slimes%, oversize% , gold and platinum.

Mineral assemblage characterisation needs to be undertaken in order to optimise the mineral processing and determining the valuable heavy mineral component (VHM) relative to the total heavy mineral (THM) component. A selected number of samples should be submitted for analysis by QEMSCAN technology or similar technology. This method uses electron microscopy to scan and identify the individual grains in samples providing information regarding grain size, grain shape and chemical composition.

7.2 Regional exploration

The inclusion of an existing HM processing plant within the Mandiri Project gives the company a great advantage. It provides the company with an incentive to acquire additional exploration tenements located within a reasonable transport distance from the Madiri Plant.

The areas of artisanal workings can easily be recognised using satellite images. Recent cloud-free satellite imagery can be purchased, and the location of working plotted with respect to the regional geology and cadastral information.

7.3 Processing plant expansion

It is proposed to expand the capacity of the processing plant to 2,000 tpm by the middle of 2020 to accommodate the quantity of HMC and the expected production from the Mandiri Tenement.

7.4 Proposed budget

Table 7-1 provides a summary of expenditure, by work item for exploration on the Mandiri Tenement and also for wider regional exploration. All the costs are shown as an all-in inclusive cost, which includes the cost of drilling, sampling, assaying, personnel and all other on costs. All costs included in Australian dollars (AS$).

Table 7-1 Summary of Exploration Expenditure

Item	Year 1 (A$'000)	Year 2 (A$'000)	Total (A$'000)
Mandiri Project			
Data compilation	$10	$10	$20
Exploration drilling	$800	$200	$1,000
Resource drilling	$0	$1,500	$1,500
Resource Estimation	$0	$30	$30
Sub -Total	$810	$1,740	$2,550
Regional Exploration			
Data compilation	$10	$10	$20
Geochemical surveys	$20	$20	$40
Geophysical surveys	$20	$30	$50
Exploration drilling	$50	$100	$150
Sub -Total	$100	$160	$260
Total	**$910**	**$1,900**	**$2,810**

7.5 Merit

It is the Competent Person's view that the tenement is highly prospective for heavy minerals.

8 Declaration

This TAR has been prepared in accordance with the 2012 JORC Code and the 2015 VALMIN Code. Both industry codes are binding for all members of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. These codes are also requirements under Australian Securities and Investment Commission (ASIC) rules and guidelines.

No member or employee of CRM is, or is intended to be, a director, officer or other direct employee of the Company. No member or employee of CRM has, or has had, any share-holding, or the right (whether enforceable or not) to subscribe for securities, or the right (whether legally enforceable or not) to nominate persons to subscribe for securities in the Company. On 23 November 2019, Dr Chisholm was requested to provide additional consulting advice regarding the exploration required to upgrade the existing mineral resources within the Mandiri concession. Fees for the preparation of this report are being charged at a commercial rate, the payment of which are not contingent upon the conclusions of the report. They total about $15,000.

The information in relation to geology, exploration results and mineral resources is based on, and fairly represents, information and supporting documentation that has been compiled and reported by Dr John Chisholm, BSc Hons, PhD (Geol.), a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy (CP). Dr Chisholm is a Principal Geologist of Continental Resource Management Pty Ltd, a geological consultancy, which was engaged by SPB to compile the geology, exploration history, Mineral Resources and potential of the Mandiri Project. Dr Chisholm has sufficient experience, which is relevant to the style of mineralisation, geology and type of deposit under consideration and to the activity being undertaken to qualify as a competent person under the 2012 JORC Code. Dr Chisholm consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Additional information relating to the geological setting of the deposit was contributed by Yulindra Christiawan. As a member of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and a Competent Person Indonesia, Resource Estimator for Coal and Nickel-laterite, he has sufficient experience relevant to the style of mineral deposit under consideration. Mr Christiawan consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Yours faithfully

Dr John Chisholm
Continental Resource Management Pty Ltd
3 December

9 References

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10 Glossary of Technical Terms and Abbreviations

Air-core drilling	A rotary drilling technique that uses compressed air to cut a core sample and return fragments to the surface inside drill rods.
Auger	A method of drilling by which a sample of unconsolidated material is brought to the surface up the inclined flights of an auger.
Backshore	The zone of the shore or beach above the high-water line, acted upon only by severe storms or exceptionally high tides.
Basement	The oldest layer of igneous and metamorphic rocks in the earth's crust, covered by layers of more recent, usually unconformably overlain sedimentary rocks.
Clastic	A sedimentary rock composed of grains or fragments derived at a different locality.
Clay	A rock or mineral fragment or a detrital particle of any composition with a diameter <4 microns.
Composite	A number of discrete samples collected from a body of material into a single homogenized sample for the purpose of analysis.
Concentrate	Heavy mineral concentrates are usually prepared by tabling or wet sieving a very large sample of till or stream sediments (up to 20 kg may be routine). The heavy mineral concentrate collected at this stage is then further processed with heavy liquids using methylene iodide (SG = 3.3). The resultant concentrate then is separated into magnetic and non-magnetic fractions and it is the non-magnetic fraction which is usually analyzed.
Cut-off grade	The lowest grade of mineralised material that qualifies as ore or resource in a given deposit.
De-slimed	Clay-sized particles have been removed from crushed rock.
Digital terrain model (DTM)	A digital terrain model (DTM) provides a bare earth representation of terrain or surface topography and can be described as a three – dimensional representation of a terrain surface consisting of X, Y, Z coordinates stored in digital form. It includes not only heights and elevations but other geographical elements and natural features such as rivers, ridge lines, etc.
Exploration Target	An Exploration Target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the

	statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource (JORC Code clause 17).
Foreshore	The seaward-sloping area of a shore that lies between the average high tide mark and the average low tide mark.
GIS	Geographic information system. It is a system designed to capture, store, manipulate, analyse, manage, and present spatial or geographic data.
Gneiss	High-grade metamorphic rock composed of alternating bands respectively rich in light and dark coloured minerals
Grade	Expression of relative quality of mineralisation (e.g. high-grade) or of numerical quality (e.g. 1.2% Ni).
Granitic	Descriptive term used for igneous rocks with a holocrystalline texture and anhedral constituents of a similar grainsize, composed chiefly of orthoclase and albite feldspars and of quartz, usually with lesser amounts of one or more other minerals, as mica, hornblende, or augite.
Heavy mineral (HM)	An accessory detrital mineral of a sedimentary rock, of high specific gravity (> 2.9 t/m^3), e.g., magnetite, ilmenite, zircon, rutile.
Heavy mineral assemblage	The suite of heavy minerals contained in a deposit.
Ilmenite	A titanium-iron oxide mineral ($FeTiO_3$).
Indicated Mineral Resource	That part of a Mineral Resource for quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit.
Inferred Mineral Resource	That part of a Mineral Resource for which tonnage, grade, and mineral content can be estimated with a low level of confidence.
JORC Code	The Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition). Prepared by The Joint Ore Reserves Committee. A compliance standard for professional and public reporting of Ore Reserves and Mineral Resources.
Kg	Kilogram

Leucoxene	A titanium oxide-rich heavy mineral formed by the alteration of ilmenite.
Lithified	The process by which a sediment composed of individual particles is converted into a coherent rock through cementation or compaction.
Logging	The practice of making a detailed record (a log) of the geological formations penetrated by a borehole.
Measured Mineral Resource	That part of a Mineral Resource for quantity, grade (or quality), densities, shape and physical characteristics are estimated with with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit.
Metamorphic	Descriptive of rock that has been altered by physical and chemical processes involving heat, pressure and/or fluids.
Mineral assemblage	Group of minerals commonly associated with another.
Mineral Asset	All property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with that Tenure.
Mineral Resource	In-situ mineral occurrence for which there are reasonable prospects for eventual economic extraction. The location, quality, quantity, grade, geological characteristics, and continuity are known, estimated, or interpreted from specific geological evidence and knowledge. A 'Mineral Resource' is 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.
Mineralisation	The concentration of metals and their minerals within a body of rock.
Mineralogical	Connected with the scientific study of minerals.
Miocene	The epoch of geological time within the Cenozoic Era between about 5 and 23 million years ago.
Monazite	A rare phosphate mineral with a chemical composition of

	(Ce,La,Nd,Th)(PO4,SiO4). It usually occurs in small isolated grains, as an accessory mineral in igneous and metamorphic rocks such as granite, pegmatite, schist, and gneiss.
(Ore) block model	An (ore) block model is created using geostatistics and the geological data gathered through drilling of the prospective ore zone. The block model is essentially a set of specifically sized "blocks" in the shape of the mineralized orebody. Although the blocks all have the same size, the characteristics of each block differ. Once the block model has been developed and analyzed, it is used to determine the ore resources and reserves (with project economics considerations) of the mineralised orebody.
Ore Reserve	The economically minable part of a Measured and/or Indicated Mineral Resource.
Oversize	Sand material greater than 1 mm in diameter.
Pegmatite	Very coarse-grained igneous intrusive body, usually granitic and in dyke or sill form; may contain economically important minerals.
Precambrian	That portion of geological time older than about 545 million years ago.
Pre-feasibility stage	A project at a stage where a pre-feasibility study has been undertaken or is about to be commenced. A pre-feasibility study of a project is a precursor to a feasibility study. Its purpose is to examine the size, cost and value of the main components of the project in sufficient detail to ensure there is a solid basis for proceeding to the more costly and rigorous feasibility study.
Probable Reserve	A measured and/or indicated mineral resource which is not yet proven, but where technical economic studies show that extraction is justifiable at the time of the determination and under specific economic conditions.
Proven Reserve	A measured mineral resource, where technical economic studies show that extraction is justifiable at the time of the determination and under specific economic conditions.
QA/QC	QA/QC is the combination of quality assurance, the process or set of processes used to measure and assure the quality of a product, and quality control, the process of ensuring products and services meet consumer expectations.
Quaternary	The period of geological time from about 2.6 million years ago to the present.
Quartzite	A granular metamorphic rock composed predominantly of quartz; derived from quartz sandstone.

Resource category	Category of a mineral resource, such as Inferred, Indicated, Measured, Proven or Probable.
Resource modelling	Creating a model of a mineral resource through assessment of the quantity and quality of the data available including database management and verification, the creation of 2D and/or 3D geological and mineralisation models for the deposit, statistical and geostatistical analyses of the data and the determination of the most appropriate grade and density interpolation methods.
Royalty	A payment to the owner of mineral rights for the privilege of extracting the mineral from the ground based on a lease agreement. The royalty payment is based on a portion of earnings from production and varies depending on the type of mineral and the market conditions.
Rutile	A mineral containing titanium dioxide (TiO_2).
Sandstone	A sedimentary rock composed primarily of sand sized grains.
Slimes	Clay material less than 45 microns (,45µ).
Specific gravity	The term specific gravity refers to the ratio of the density of a solid or liquid to the density of water at 4 degrees Celsius.
Tetrabromoethane (TBE)	A halogenated hydrocarbon, chemical formula $C_2H_2Br_4$.
THM	Total heavy minerals (concentrate). Components are typically rutile ilmenite, zircon and leucoxene.
Thorium	A chemical element with symbol Th. Thorium metal is silvery and tarnishes black when exposed to air, forming a dioxide.
TPM	Tonnes per month
Twin (Twinned holes)	A pair of parallel holes drilled close together.
Unconformably	The attribute of a series of younger strata that do not succeed the underlying older rocks in age or in parallel position, as a result of a long period of erosion or non-deposition.
Uranium	A chemical element with symbol U. It is a silvery-white metal in the actinide series of the periodic table.
VALMIN Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition). Prepared by The VALMIN Committee. A compliance standard for professional and public reporting of Mineral Asset valuations.

Valuable heavy minerals (VHM)	Heavy minerals with economic value. The principal valuable heavy minerals are ilmenite, leucoxene, rutile, and zircon.
µ or µm	Micron; a millionth of a metre.
XRF	An X-ray fluorescence (XRF) spectrometer is an x-ray instrument used for routine, relatively non-destructive chemical analyses of rocks, minerals, sediments and fluids. It works on wavelength-dispersive spectroscopic principles that are similar to an electron microprobe. It is typically used for bulk analyses of larger fractions of geological materials. The relative ease and low cost of sample preparation, and the stability and ease of use of x-ray spectrometers make this one of the most widely used methods for analysis of major and trace elements in rocks, minerals, and sediment.
Zircon	A mineral belonging to the group of nesosilicates. Its chemical name is zirconium silicate and its corresponding chemical formula is $ZrSiO_4$.

11 JORC Table 1 – For Resource Estimation

11.1 Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Auger samples were collected over 1m intervals and cone and quartered, bagged and dispatched to the laboratory • Continuous core was collected • Samples were panned onsite to identify the presence of HMS • The mineralogy of the mineralization was established on the basis of production data from the PTIM processing plant that has been processing HMS concentrate from contract miners from within the Mandiri Concession. Refer to Estimation and reporting of mineral resources in Section 11.3 for details. • Standard auger sampling was used
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• auger drilling was undertaken using 55 mm blade barrel
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• The HMS core samples were recovered and placed in open PVC trays and sampled by 1 m sample spacing • The work proceeded slowly in order to maximise recovery. • No relationship was noted.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	• All auger samples were geologically logged in sufficient detail, recording all significant properties. • All core logged and photographed.

Criteria	JORC Code explanation	Commentary
	• *The total length and percentage of the relevant intersections logged.*	• All of the core was logged in entirety. .
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Core samples were placed in sample bags in 1 m intervals then later cone and quartered. • The sample process was most appropriate for the sample type. • Duplicate holes were drill and duplicate samples collected.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• analyses were recorded on each sample interval using a Olympus portable XRF unit. The cone and quarter samples were submitted to a laboratory for analysis. • Laboratory determination of HM%, slimes% and oversize%. • Certified reference material was used as were duplicate samples .
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• None • Two auger holes were twinned. • All core logged and entered into a database. • Assays were not adjusted.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Collars located by handheld GPS • UTM 49M • Adequate for Inferred Resources.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve*	• Average drill hole spacing is highly variable, ranging from 800m x 400m to 200m x 50m. • Drill spacing is appropriate for Inferred Resources for HM deposit

Criteria	JORC Code explanation	Commentary
	estimation procedure(s) and classifications applied. • *Whether sample compositing has been applied.*	• All samples composited for alluvial sand interval.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Not appropriate for HMS deposit
Sample security	• *The measures taken to ensure sample security.*	• All samples were in the care of company personnel at all times.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Internal company audit and review. • In September 2019, CSA completed a site visit to review site protocols; discuss technical aspects with site team and JORC Code requirements; review the technical dataset that will support the mineral resource, including but not limited to, drilling and sampling QAQC, density measurements and assaying methodologies. During subsequent discussions with CSA it was indicated that all activities associated with the inputs to the mineral resource were conducted to a standard that allowed CSA to report the mineral resource in accordance with the JORC Code 2012

11.2 Section 2 Reporting of Exploration Results

(Criteria listed in section 1 also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The tenement is currently held under mining permit Izin Usaha Pertambangan – Operasi Produksi (IUP-OP) No. 16/DPE/IX/2010 issued by Bupati Gunung Mas on 2nd Sepetember 2010. • The tenement is held by held by PT. Investasi Mandiri • The Mandiri tenement is in good standing and no known impediments exist.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• There is no previous exploration data available

Criteria	JORC Code explanation	Commentary
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The HMS bearing strata of the Mandiri deposit is ancient Kahayan alluvium, which was deposited during the Holocene age. In general, alluvium has varying thickness of between 2 m and 10 m. The lithology consists of loose quartz, medium grained intercalated grey mudstone containing carbonaceous, shale and bed load stream product; coarse grain sand layer. The deposit is typical of a HMS deposit formed in a continental environment.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• The drilling data includes 52 auger holes. All holes were drilled vertically to a maximum of 11.5 m. The average hole depth was 5.48 m. • Collar coordinates and depth were recorded. RL was not recorded as the project area is flat. • As stated the project area is flat and the mineralization occurs as a flat lying body with the land surface forming the top boundary of the mineralization.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Composite samples were prepared and analysed by the laboratory. Field XRF results were made on individual samples and a weighted average calculated. • Not applicable. • Not applicable.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a*	• Auger holes were vertical and the target HMD was horizontal. • • Flat lying horizontal alluvial body with the land surface as the top boundary.

Criteria	JORC Code explanation	Commentary
	clear statement to this effect (eg 'down hole length, true width not known').	• Geometry is well known.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Appropriate maps and sections are available in the body of this report
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Reporting of results in this report is considered balanced.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Not applicable
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions, depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Further work will include air-core drilling to sample below the water table and holes will be at a closer spacing. • Diagrams showing potential extensions included.

11.3 Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Standard validation techniques have been applied to the data. • The current database was compiled and validated in Micromine 2018.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• Two site visits were conducted by Dr Chisholm on the 24th September 2018 and 22nd January 2019.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.*	• Interpretation of the lithological boundaries and the proposal of a conceptual model for the mineralisation are supported by a sufficient amount of drilling. • Geological continuity is based upon a coherent and predictable model

Criteria	JORC Code explanation	Commentary
	• *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	relevant to HMS deposits. • Further drilling and/or mapping is expected to refine the geological model in the future. .
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• The Mandiri HMS deposit occurs over an area of 16 km^2. • Dips are flat • The width of mineralised zones varies from 0.35m to 5 m with an average of 3.06 m. • The mineralised zone tested is restricted to above the water table.
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	• The resource estimations were generated using inverse distance cubed, using Micromine 2018.1 software. • No upper cut was applied. • Parent cell block sizes were 100 m x 100 m x intersection width. • Block model validation has been carried out by the Competent Person using input and output correlation. • All validation methods have produced acceptable results. • Current processing indicates that all VHM recovered. • • No deleterious element or minerals present. • Block size is appropriate for HMS deposits. • None • None • The body is known to be flat lying and continuous. No structural dislocations are known. • No grade cutting used as distribution of mineralisation grade is relatively uniform.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• Tonnages are estimated on a dry basis. The auger samples were dried in the sun onsite. During the laboratory process the samples were further dried prior to heavy liquid separation.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• The 2% lower cut-off is considered to be appropriate for the type of mineral deposit and the Inferred status of the

Criteria	JORC Code explanation	Commentary
		resource.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• It has been assumed that the Mandiri deposit will be mined by dredging. • No dilution has been built into the resource model.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction toconsider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with anexplanation of the basis of the metallurgicalassumptions made.*	• The relative percentage of the minerals comprising the mineral assemblage for the Mandiri HMS deposit is based on actual production data over a 12 months period from the PTIM processing plant. The plant feed was supplied to the processing plant by contract miners in the form of concentrate from small scale mining operations from within the Mandiri Concession area. The processing plant separates the various mineral components into high-grade products which can be easily visually identified. For example, the zircon product is very high-grade zircon whereas the mixed ilmenite produce will contain a variety of ilmenite forms. The effectiveness of the plant in the separation of the constituent minerals into pure and relatively pure products is supported by chemical analyses is consistent with the results of the mineralogical composition of the 551 t sample referred to in Table 1-1. The chemical analyses are carried out by independent laboratories by XRF analysis in accordance with the mineral export licence regulations. • For the purpose of reconciling chemical analyses with production records for material produced from the Mandiri project area it is assumed that all Zr is in the form of Zircon. All Ti is in the form of rutile and ilmenite in the proportion of 48% and 52%.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well*	• There are considered to be no significant environmental issues.

Criteria	JORC Code explanation	Commentary
	advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• A density factor was estimated for each mineralised intersection based on the SG calculated for each ore block on the basis of its interpolated HN content according to the standard formula SG = 1.686 + (0.0108 x HM%); The average density for the deposit is 1.75 which was used as a global density factor.

Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.*
	• *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).*
	• *Whether the result appropriately reflects the Competent Person's view of the deposit.*
		• The Mineral Resource has been classified in the Inferred categories, in accordance with the 2012 Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code). A range of criteria has been considered in determining this classification including:
		  ○ Geological and grade continuity
		  ○ Data quality.
		  ○ Drill hole spacing.
		• The Competent Person is in agreement with this classification of the resource.

Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• The resource estimate has not been externally been audited.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• The relative accuracy of the various resource estimates is reflected in the JORC resource categories. • Inferred Resources are considered global in nature. • The resource estimation results cannot be related to production records as the exact location of the plant feed is varied.

9. Indonesian Legal Opinion

Law Firm

S.A.&A

SHOLEH, ADNAN & ASSOCIATES
Advocates and Counselors at Law

South Pasific Resources Limited
Level 5, 56 Pitt Street
Sydney
NSW 2000

November 15, 2019

Dears Sirs

LEGAL OPINION DULY GIVEN FOR A REPORT ONMINEARAL CONCESSION (IUP OP16/DPE/IX/2010) AND ENFORCEABILITY OF RELATED EXCLUSIVE OPERATION AND MANAGEMENT AGREEMENT FOR SOUTH PASICIF RESOURCES LIMITED **(TO BE RENAMED PYX RESOURCES LIMITED)** (the "COMPANY")

1. INTRODUCTION

On 3 September 2010, the Mining Business Operating Production License(IUP-OP 545/244/KPTS/VII/2012) was issued by Gunung Mas Regent of the Republic of Indonesia to PT Investasi Mandiri (company registration number: 02.037624).

On 24 January 2019, an exclusive Operation and Management Agreement was signed between PT Andary Usaha Makmur (company registration number: 8120103901691), a 99% owned subsidiary of Takmur Pte (a company incorporated in Singapore with company number 201821991IZ), and PT Investasi Mandiri. Under this agreement:

- PT Andary Usaha Makmur has committed to invest up to US$ 15 million in the business of the PT Investasi Mandiri over a period of 10 years;
- PT Andary Usaha Makmur has the right to nominate the majority of PT Investasi Mandiri board members;
- PT Andary Usaha Makmur will have the right to receive 95% of the net profit of PT Investasi Mandiri on an annual basis; and
- The Operation and Management Agreement can be terminated only with the agreement of both parties

We have been asked and therefore provide to you our legal opinion duly given onthe Mining Business Operating Production License (IUP-OP 16/DPE/IX/2010)issued by Gunung Mas Regent of the REPUBLIC OF INDONESIA and on the Exclusive Operation and Management Agreement executed between IUP-OP holder PT Investasi Mandiri and PT Andary Usaha Makmur.

We understand that this opinion is to be included in a prospectus issued by the Company for lodgement with the Australian Securities and Investments Commission and consent to the inclusion of this opinion in that document.

Bidakara 1, Lantai 1, Unit 010, Komplek Bidakara
Jl. Jend Gatot Subroto Kav 71-73, Pancoran, Jakarta 12870
Phone: (021-83787592)

2. LICENCE

We have reviewed the documentation relevant to the IUP-OP and set out a summary below:

2.1 LICENSE NUMBER

IUP-OP No 16/DPE/IX/2010.

A mining company in Indonesia obtains Mining Business Licence (the IUP) in two phases of mining activities. The exploration phase within the mining area to which the regency government will issue the Mining Business Licence (Izin Usaha Pertambangan) in the Mining Area or known as the IUP. The second phase is the Operation Production, which is granted by the regional government in Indonesia for performing construction, mining, processing, refining, and selling within the Commercial Mining business area, this licence is known to be referred to as IUP-OP.

2.2 REGISTERED OWNER

The registered owner of IUP-OP 16/DPE/IX/2010 is PT. INVESTASI MANDIRI

2.3 ISSUED

by Bupati (Regent) of a Regency Government Nama Gunung Mas, in Kalimantan Tengah (central Kalimantan), Indonesia.

2.4 STATE

Republic of Indonesia

2.5 GRANTED/EXPIRY

IUP-OP 16/DPE/IX/2010: granted on 2010 for an initial period of 10 years and expire on or before 31 December 2020

For the purpose of the renewal of the license, a submission will need to be made based on Law number 23/2014 to the same licensing authority which issued the license. There are 5 criteria to be evaluated for the purpose of license renewal: (i) administrative, (ii) geographic criteria, (iii) technical criteria, (iv) environmental criteria and (v) financial criteria.

2.6 MINERAL

For the right of mining, production and export of Zircon from Indonesia.

3. QUALIFICATIONS AND ABILITY TO GIVE STATEMENT

I am a solicitor licensed to practice law throughout Indonesia under license number 99.10639-PERADI . I am, Wirawan Adnan, the Managing Partner of the Indonesian law firm, SHOLEH, ADNAN & ASSOCIATES (SAA) acting on behalf SAA. We have been practicing Law and providing professional legal services to Indonesia clients as well as foreign clients in Indonesia since 1999 until now.

4. ASSUMPTIONS AND QUALIFICATIONS

Outside of the statements we make in our opinion here, we have assumed that the documents we have reviewed have not been fraudulently created and we make the statement that our opinion is only extended to matters which relate to the laws of the REPUBLIC OF INDONESIA.

5. OTHER

Our opinions are limited to the documents which are presented to us and to the laws of the Republic of Indonesia.

6. REPORTING OBLIGATIONS

No reporting obligations exists toRegency Government nama Gunung Mas prior to the date of renewal.

7. OUR DUE AND HEREBY GIVEN OPINION

Based on the forgoing, we are of the opinion set out below:

a) Indonesia is divided into provinces. Provinces are made up of regencies. A regency is headed by a regent (Bupati), and a city is headed by a mayor (Wali kota). Gunung Mas is a regency in the province of Central Kalimantan, Indonesia. Under the Indonesian Mining Law, the Central Government of the Republic of Indonesia determines the allowable mining areas for which the regencies are then delegated with authority from the central government to grant mining business licences within these pre-determined areas.

b) We are of the view that the Mining Business License IUP-OP 16/DPE/IX/2010 has been duly and validly granted to PT Investasi Mandiri by the Regent of Gunung Mas, the competent authority of Republic of Indonesia . The Mining Business License IUP-OP 16/DPE/IX/2010 has obtained the Clean and Clear (CnC) Certificate and continues in force and effect. PT Investasi Mandiri is the legal and beneficial owner of this license which is free from any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention on it.

c) We are of view that the Operation and Management Agreement entered into by and among PT Investasi Mandiri, PT Andary Usaha Makmurand existing shareholders of PT Investasi Mandiri on 24 January 2019 (the "Operation & Management Agreement") is fully valid and enforceable under the laws of Indonesia.

d) PT Investasi Mandiri has been duly incorporated and isvalidly existing as a company with limited liability under the corporations laws of Indonesia and has obtained all relevant and necessary governmental authorizations in connection with the establishment and maintenance of the legal person status as required by the laws of Indonesia. Such governmental authorizations remain in full force and effect on the date hereof. We are not aware of any reason or matter that would cause any of such governmental authorizations to be revoked, suspended, cancelled or withdrawn or (where relevant) not to be renewed upon its expiration date.

e) PT Investasi Mandiri has the right to explore for, extract, produce and remove zircon from the area covered by the IUP-OP.

f) We confirm that there is no adverse effect on any of the above which would result from a change of control of PT Investasi Mandiri.

g) We have conducted litigation searches on PT Investasi Mandiri and have found that there are no records of any litigation or other proceedings in relation to PT Investasi Mandiri or in relation to the Operation and Management Agreement.

Summary of License Terms

Licence ID	IUP-OP No 16/DPE/IX/2010		
Granted by	Regency Government Nama Gunung Mas		
Mineral	Zircon		
Permit Holder	PT Investasi Mandiri		
Area	2,035 ha		
Grant Date	3-Sep-2010		
Renewal Date	31-Dec-2020		
Rents, Rates and/or Taxes	2019: IDR 162.2 MM	2020: IDR 162.2 MM	2021: IDR 162.2 MM
Minimum Expenditure	2019: Nil	2020: Nil	2021: Nil
Security Deposit	2019: Nil	2020: Nil	2021: Nil

Authorized Signature

Law Firm S.A.&A. Sholeh, Adnan & Associates

Wirawan Adnan

10. Board, Management and Corporate Governance

10.1 Current Directors and Secretary of the Company

Mr. Domenic Martino - Managing Director

Mr. Martino is a chartered accountant and an experienced director of ASX listed companies. Previously CEO of Deloitte Touche Tohmatsu in Australia, he has significant experience in the development of "micro-cap" companies.

Mr. Martino is a key player in the re-birth of a broad grouping of ASX companies including Cokal Limited, Clean Global Energy Limited (renamed Citation Resources Limited) and NuEnergy Capital Limited.

He has a strong reputation in China, with a lengthy track record of operating in Papua New Guinea and Indonesia, where he has successfully closed key energy and resources deals with local players. He has a proven track record in capital raisings across a range of markets.

Mr. Martino was a recipient of the Centenary Medal 2003 for his service to Australian society through business and the arts.

During the past three years Mr. Martino held the following directorships in other ASX listed companies:

- Cokal Limited (24 December 2010 – Current);
- South Pacific Resources Limited (3 August 2012 – Current); and
- Skyland Petroleum Group Limited (18 December 2013 – Current).

Mr Martino also previously held directorship positions in the following companies:

- Australasian Resources Limited (27 November 2003 – 2 October 2018);
- ORH Limited (6 May 2009 – 1 October 2018);
- Pan Asia Corporation Limited (24 December 2010 – 3 July 2017);

Mr. Joseph (Yosse) Goldberg– Non-executive Director

In the early 1960s Mr Goldberg joined Denis Silver and formed Silver Goldberg and Associates. The practice grew and became a leading architectural office, based in Perth and expanding its activities throughout Australia, Asia and Iran. The practice is operating today, after almost 60 years, under the name Silver, Hanley Thomas. In mid 1970s Mr Goldberg became a property developer and designed, built, owned and operated, either on his own or in partnership, four medium-sized suburban shopping centres, apartments, a modern pig farm, 6PR radio station, managed land subdivisions and established a horse racing and breeding farm (Jane Brook Stud and Shamrock Park) providing agistment/training for 250-300 horses. In later years he lived in the UK, Spain, USA and Canada where he helped Australian companies in establishing operations in those countries. On his return to Australia he became a consultant and major shareholder in a number of companies and helped companies create a foothold in countries such as Papua New Guinea, Indonesia, Cameroon, South Africa and Turkey.

Mr Goldberg has also consulted to Sydney Gas Limited, Blue Energy Limited, Kimberley Diamond Company NL, Sundance Resources Limited, CuDeco Limited, Gindalbie Metals Ltd about resource projects such as iron ore, oil and gas bed methane and copper. Recently Mr Goldberg has been engaged in establishing a major thermal, cooking oil and gas project in Indonesia requiring major infrastructure and financing.

Mr. Alvin Tan – Non-executive Director

Mr. Tan has over 15 years corporate experience in Australia and Asia, including mergers, acquisitions, capital raisings and listings (on ASX, the Alternative Investments Market (AIM) of the London Stock Exchange, Kuala Lumpur Stock Exchange (KLSE) and the German Stock Exchange). Mr Tan studied at the University of Western Australia, gaining a Bachelor of Commerce with honours, and subsequently was employed by KPMG in Kuala Lumpur from 1993-1995 as a financial consultant. Returning to Australia, Mr Tan worked with the stockbroking firm of DJ Carmichael before pursuing other business interests. He was a founding director of various companies which are now listed on ASX. Mr Tan currently serves on the board of ASX listed Advanced Share Registries Ltd and BKM Management Ltd. He also has interests in companies in exploration, property development, plantation and investment holdings.

During the past three years Mr Tan held the following directorships in other ASX listed companies: Non- Executive Director of Advanced Share Registry Ltd (11 September 2007-Current) and BKM Management Limited (5 February 2002-Current).

Ms. Louisa Martino - Company Secretary

Ms Martino has provided company secretarial services to the Company for the past 7 years. Prior to this she was the chief financial officer of a private company while it was seeking investor financing.

Ms Martino has a Bachelor of Commerce from the University of Western Australia, is a member of Chartered Accountants Australia and New Zealand and a member of the Financial Services Institute of Australasia.

10.2 Proposed Executive and Non-executive Directors

Upon implementation of the Acquisition and as at the completion of the Offers, Mr Martino and Mr Goldberg of the current board of SPB will resign and be replaced by new board members nominated by Takmur. Mr Tan will stay on as a director. Oliver B. Hasler will be the proposed Executive Chairman and chief executive officer, and Mr. Bakhos Georges and Mr Gary J. Artmont will be non-executive directors of the Company, subject to shareholders' approval (**Proposed Directors**).

Ms Martino will continue as company secretary.

Brief profiles of the Proposed Directors are set out below:

Mr Oliver B. Hasler - Proposed Executive Chairman and Chief Executive Officer

Mr Hasler is an accomplished chief executive, president and board member successfully leading world-class businesses and brands spanning multiple industries and markets, including natural resources, agro-industry, innovative manufacturing and various industrial sectors.

His most recent accomplishment was the successful transformation of the publicly-traded Spanish paper and packaging company, Europac Group, in a short span of 3 years into a mid-cap company which was then acquired for a value exceeding US$2 billion. Moreover, other major projects Oliver has participated include revision to the strategy of the Professional Division of Douwe Egberts, which is headquartered in the Netherlands, and its joint venture with U.S.-based Mondelez, and the restructuring of France's Arc International.

Oliver has over 20 years of experience in doing business in Asia, where he has built and operated factories, as well as setting up distribution networks throughout the region and managing significant export and import operations.

Oliver is a Swiss citizen with a Master's degree in Materials Engineering and a Master's degree in Metallurgy from Federal Institute of Technology in Zurich, Switzerland and an MBA with honors from the Universidad Iberoamericana in Mexico City. He is fluent in English, German, Spanish and French.

Mr Bakhos Georges - Proposed Non-executive Director

Mr Georges has more than forty years of experience in management and operation in the retail, pharmaceutical and wholesale sectors, with specific focus on pharmacy supply chain in Australia and import/export industries.

Mr Georges has received the Order of Australia Medal (OAM) in 2019 for service to the community. He currently serves as director of Saint Charbel's Aged Care Centre and is a Justice of the Peace (JP) in and for the State of New South Wales.

Mr Georges received a B.Ph.Chem from USMV in 1982.

Mr Alvin Tan - Non-executive Director

Mr Tan's profile is set out above at Section 10.1.

Mr Gary J. Artmont – Proposed Non Executive Director

Mr Artmont has forty-six years of experience in the mining business operating in 21 countries and familiar with all aspects of mineral exploration from grassroots to project pre-feasibility studies through to mining operations.

Mr Artmont is a fellow member of AUSIMM #312718 qualified to write NI 43-101 or JORC Competent Person reports for various exchanges and is experienced in the management of large multifaceted regional and detailed exploration programs in overseas locations with 14 years working in tropical environments.

Mr Artmont worked as a geologist and project manager for multiple organizations over the past four decades, including Geostar Consulting. Rio Tinto, PT Pelsart Indonesia, PT Freeport Indonesia and Ivanhoe Mining China.

Mr Artmont earned a Bachelor Degree from Waterloo University, Ontario.

10.3 Proposed Management

Following the Acquisition the Company management team will include a Finance and Administration Officer, a Factory and Mining Officer and a Business Development Officer, all engaged by the Company, reporting to the Chief Executive Officer.

10.4 Interests of Directors, Experts and Advisors

The Directors are not required, pursuant to the Constitution of the Company, to hold any shares in the Company. As at the date of this Prospectus, the Directors and the Proposed Directors and their associates have interests in the following securities in the Company:

Director	Shares Held		Options Held*	
	Directly	Indirectly	Directly	Indirectly
Mr. Domenic Martino	-	72,551,051	-	-
Mr. Joseph Goldberg	-	23,927,578	-	-
Mr. Alvin Tan	-	15,915,984	-	-

* The Company has 10,750,000 unlisted options (pre-Consolidation) on issue held by Tamarind Classic Resources Private Limited, with an expiry date of 22 February 2023 and an exercise price of AU$0.05. Post-Consolidation these options will total 537,500 unlisted options with an exercise price of AU$1.00.

On completion of the Transaction, the Directors and the Proposed Directors and their associates will have interests in the following securities in the Company following the Consolidation and the Share Offers:

Director*	Shares Held		Options Held**		Performance Rights***
	Directly	Indirectly	Directly	Indirectly	Directly
Mr. Oliver Hasler	-	-	-	-	17,675,376
Mr. Bakhos Georges	-	-	-	-	-
Mr. Domenic Martino	-	3,627,552	-	-	-
Mr. Joseph Goldberg	-	1,196,379	-	-	-
Mr. Alvin Tan	-	795,799	-	-	-
Mr. Gary J. Artmont	-	-	-	-	-

*No Directors or Proposed Directors intend to participate in the Public Offer.

** The Company has 10,750,000 unlisted options (pre-Consolidation) on issue held by Tamarind Classic Resources Private Limited, with an expiry date of 22 February 2023 and an exercise price of AU$0.05. Post-Consolidation these options will total 537,500 unlisted options with an exercise price of AU$1.00.

*** Mr Oliver B. Hasler will be issued a total of 17,675,376 Performance Rights under the Management Offer subject to the terms of the Incentive Plan. The maximum number of shares that these can convert into is 21,110,195.

On completion of the Acquisition, the current Directors will step down and following the Acquisition, the Proposed Directors will be entitled to receive remuneration on an accruals basis. Details of the services agreements entered into by the Company with the Proposed Directors is described below in Section 11.

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

a) Director or Proposed Director of the Company;

b) 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; or

c) promoter of the Company,

has, or had within 2 years before the date of this Prospectus, 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 its formation or proportion or in connection with the Offers; or

c) the issue of new Shares under this Prospectus,

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 those persons as an inducement to become, or to qualify as, a Director or expert of the Company or otherwise for services rendered by them in connection with the formation or promotion of the Company or the issue of New Shares under this Prospectus.

Directors' Remuneration

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in General Meeting in accordance with the Constitution, the Corporations Act, and the NSX 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.

Mr. Tan (as an existing Director of the Company) currently receives a director salary of $AU 36,000.

The remuneration of an executive Director will be decided by the Board supported by recommendation of the Remuneration and Nomination Committee, without the affected executive Director participating in that decision-making process.

At this time, the Remuneration Committee has not been formed due to the need for restructuring of the Board of Directors which, as specified above, is subject to relevant Shareholder Approval and completion of the Transaction. The proposed role of the Remuneration and Nomination Committee is to review and make recommendations to the Board and to ensure that the remuneration policies and practices are consistent with the Company's strategic goals and human resources objectives. In addition, it is proposed that the Committee will be responsible for reviewing and making recommendations in relation to the composition and performance of the Board and its committees and ensuring that adequate succession plans are in place (including for the recruitment and appointment of Directors and senior management). Independent advice may be sought by the Remuneration and Nomination Committee where appropriate.

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

Directors are also entitled to be paid travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors in accordance with market standards.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

Other Interests of Directors

The Company has entered into Deeds of Indemnity, Insurance and Access with each of the Directors pursuant to which the Company agrees to indemnify the Directors against certain liabilities incurred by the Directors whilst acting as a Director of the Company (or any subsidiary), to insure the Directors against certain risks to which the Directors are exposed to as a Director of the Company and to grant to the Director a right of access to certain records of the Company for a period of seven years after the Director ceases to be a Director.

The Company intends to enter into a similar Deed of Indemnity, Insurance and Access with the Proposed Directors. Further details of the Deed of Indemnity, Insurance and Access are provided below at Section 11.6.

Dividend Policy

The securities issued pursuant to this Prospectus will rank equally for dividends with all Existing Shares and Shares from the date of allotment. Investors should be aware that, given that the company is a mineral sands exploration and production venture, it is unlikely that dividends will be paid in the short to medium term as surplus capital will be deployed in developing the company's assets and acquiring new assets. Payment of any dividend will be dependent upon many factors including the success of the Company's exploration and production programme and the future achievement of profitable operations.

10.5 Terms and Conditions of Stock Incentive Plan

At the Company's General Meeting, the Company adopted a new Stock Incentive Plan. The Stock Incentive Plan intends to align employees' interest with those of the Company's Shareholders by making offers of Awards to reward and retain certain employees, consultants and directors of the Company and to attract future talent.

Offers to Eligible Participants

The Board may in its absolute discretion make a written offer to any Eligible Participant (including an eligible participant who has previously received an offer) to apply for Awards under the Stock Incentive Plan. The persons eligible to participate in the Stock Incentive Plan are:

a) directors;
b) full or part time employees of any Group Company;
c) casual employees or contractors of a Group Company to the extent permitted by ASIC Class Order 14/1000 (as amended or replaced); or
d) prospective participants, being persons to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a Participant.

The Board holds the absolute discretion to make an award to any Eligible Participant. In exercising that discretion, the Board may have regard to factors including the length of service of the Eligible Participant, their contribution or potential contribution to the Company, and any other matter the Board considers relevant. When making an offer, the Company must have reasonable grounds to believe that the number of Shares to be received on exercising the Awards will not exceed 5% of the total number of Shares on issue at the date of the offer.

Basis of awards

Awards granted under the Plan may be Options or Performance Rights. An Award may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer of the Awards. Awards will not be quoted on the NSX except as provided for under the Plan or unless the Offer of the Award provides otherwise.

Performance Rights granted under the Stock Incentive Plan will be issued for nil cash consideration.

Unless quoted on the NSX, Options issued under the Stock Incentive Plan will be issued for no more than nominal cash consideration. To the extent the NSX Listing Rules specify or require a minimum price, the exercise price in respect of an Option offered under an offer of Awards must not be less than any minimum price specified in the NSX Listing Rules.

All grants of Awards will be compliant with all applicable legislation and NSX Listing Rules.

Vesting

An Award may be made subject to vesting conditions determined by the Board in its discretion. Such vesting conditions will be specified in the offer for the Awards. Awards will not vest and will not be exercisable unless the vesting conditions attaching to that Award have been satisfied and the Board has notified the Participant of that fact within 10 business days.

The Board may resolve to waive any vesting condition applying to the Awards due to special circumstances, a change of control occurring, or the winding up of the Company.

On exercising the Award, the Company will, within 10 business days, issue to the Participant the Shares credited as being fully paid in respect of which the Awards are exercised. Shares resulting from the exercise of the Awards shall rank on equal terms with all other Shares on issue, subject to any sale restrictions from the date of issue.

Disposal restrictions on Shares

There will be no transfer restrictions on Shares issued under the Plan unless the sale, transfer or disposal by the Participant of the Shares (or any interest in them) would require the preparation of a disclosure document as required pursuant to the Corporations Act. If a disclosure document is required, the Participant and Company will enter into appropriate arrangements to prevent the sale, transfer or disposal of the relevant Shares in a manner that would require a disclosure document to be prepared.

Dealing restrictions on Shares

The Board may determine that a restriction period applies to some or all of the Shares issued to a Participant on exercise of those Awards. Any such restriction period may be up to a maximum of five (5) years from the grant date of the Awards. Participants must not dispose of or otherwise deal with any Shares issued to them under the Plan while they are restricted shares.

Change of Control

In the event of a change of control of the Company, the Participant may be provided with shares of the relevant acquiring company, or its parent, in respect of any vested Awards in lieu of Shares on substantially the same terms and subject to substantially the same conditions as the Shares.

Participation Rights

There are no participation rights or entitlements inherent in the Awards. Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Awards without exercising the Award.

An Award does not confer any rights to:

- any change in exercise price or in the number of underlying Shares over which the Award can be exercised; or
- any change in the number of underlying Shares over which the Award can beexercised.

Reorganization

In the event the issued capital of the Company is reorganized (including consolidation, subdivision, reduction or return) all rights of a Participant will be changed in a manner consistent with the Corporations Act and the NSX Listing Rules at the time of the reorganization. Where the exercise price of an Option or number of Shares to be issued on exercise of an Award is adjusted pursuant to these Rules, the Company will give notice of the adjustment to the Participant and NSX together with calculations on which the adjustment is based.

Non-residents of Australia

The Board may adopt additional rules for the Plan applicable in any jurisdiction outside Australia. Rights offered under the Plan may be subject to additional or modified terms, having regard to any securities laws or regulations or similar factors which may apply to the Participant in relation to the rights.

When an Award is granted to a person not a resident of Australia the provisions of the Plan apply subject to such alterations or additions as the Board determines having regard to any securities laws or similar which may apply.

Amendment

The Board may amend or add to all or any of the provisions of the Plan, an Offer or the terms or conditions of any Award granted under the Stock Incentive Plan. Any amendment may be given retrospective effect.

No adjustment or variation of the terms of an Award will be made without the consent of the Participant who holds the Award if such adjustment or variation would have a materially prejudicial effect on the Participant, unless the adjustment or variation was introduced primarily:

- for the purpose of complying with or conforming to legislation;
- to correct any manifest error or mistake;
- to enable a member of the Group to comply with the Corporations Act, the NSX Listing Rules, applicable foreign law, or a requirement policy or practice of ASIC or other regulatory body; or
- to take into consideration possible adverse taxation implications of the Stock IncentivePlan.

10.6 Corporate Governance

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available upon request from the Company Secretary. Policies stated below will be available on the website at www.pyxresources.com.

Board of Directors

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- maintain and increase Shareholder value;
- ensure a prudential and ethical basis for the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory objectives.

In order to be consistent with these goals, the Board assumes the following responsibilities:

- to develop initiatives for profit and asset growth;
- to review the corporate, commercial and financial performance of the Company on a regularbasis;
- to act on behalf of, and being accountable to, the Shareholders; and
- to identify business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

- the Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its business; and
- the principal criterion for the appointment of new directors is their ability to add value to the Company and its business.

Following the Acquisition, the Board will consist of 4 Directors and will adopt an Audit Committee Charter and a Remuneration and Nomination Committee Charter. In connection with this and following completion of the Acquisition the Board will appoint an Audit Committee and a Remuneration and Nominations Committee.

Where a casual vacancy arises during the year, the Board will have procedures to select the most suitable candidate with the appropriate experience and expertise to ensure a balanced and effective Board. Any Director appointed during the year to fill a casual vacancy or as an addition to the Board, holds office until the next general meeting and is then eligible for re-election by the Shareholders.

Each Director has confirmed to the Company that he anticipates being available to perform his or her duties as a non- executive director or executive director without constraint from other commitments.

The Directors consider an independent Director to be a non-executive director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally. The Directors will consider the materiality of any given relationship on a case-by-case basis and reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Company's Board Charter sets out guidelines of materiality for the purpose of determining independence of Directors in accordance with the Recommendations and has adopted a definition of independence that is based on that set out in the Recommendations.

The Board will consider whether there are any factors or considerations which may mean that a Director's interest, position, association or relationship might influence, or reasonably be perceived to influence, the capacity of the Director to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company andits Shareholders generally.

Identification and Management Risk

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

The Board will be responsible for overseeing the establishment of and approving risk management strategies, policies, procedures and systems of the Company. The Company's management is responsible for establishing the Company's risk management framework.

The Company will regularly undertake reviews of its risk management procedures to ensure that it complies with its legal obligations, including assisting the Managing Director or Chief Financial Officer to provide required declarations.

Ethical Standards

The Company will carry on business honestly and fairly, acting only in ways that reflect well on the Company and in compliance with all laws and regulations.

The Board also proposes to adopt a policy document which will outline employees' obligations of compliance with the Code of Conduct, and explains how the code interacts with the Company's other corporate governance policies.

The responsibilities incorporated in the Code of Conduct will include protection of the Company's business, using the Company's resources in an appropriate manner, protecting confidential information and avoiding conflicts of interest.

Independent Professional Advice

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

Trading Policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the Managing Director). The Securities Trading Policy explains the types of conduct in relation to dealings in Shares that are prohibited under the Corporations Act and to establish procedures in relation to such persons' dealing in the Shares.

Under the terms of the policy, buying or selling Shares is not permitted at any time by any person who possesses inside information in a manner contrary to the Corporations Act or where short-term or speculative trading is involved. The policy generally provides that the written acknowledgement of the Chair or the Compliance Officer as so determined by the Board (or the Board in the case of the Chairman) must be obtained prior to trading.

External Audit

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

Audit Committee

The Company will on completion of the Acquisition adopt an Audit Committee Charter, and will have an audit committee. The Audit Committee will assist in the Company in meeting its financial reporting obligations and other tasks, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

Diversity Policy

The Board will, on completion of the Acquisition, adopt a diversity policy. The Company aims to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

On completion of the Transaction, it is anticipated that the Board will consist of four male directors. The Company Secretary is a female.

ASX Corporate Governance Council Principles and Recommendations

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

The Board is committed to best practice corporate governance. To the extent applicable, the Company has adopted The Corporate Governance Principles and Recommendations (4th Edition) as published by ASX Corporate Governance Council (the "**Recommendations**"). While it is noted that the Company is seeking removal from the ASX, the Company believes reference to the Recommendations is still best practice and has determined to report against them. In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

A copy of the Company's Corporate Governance Statement will also be able to be accessed on the website www.pyxresources.com.

Departures from Recommendations

The Company will report any departures from the Recommendations in its annual financial report as part of its Corporate Governance Statement.

The Company's expected departures from the Recommendations following completion of the Transaction are set out below. Investors may download a copy of the current version of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations at: http://www.asx.com.au/regulation/corporate-governance-council.htm.

Principle	Recommendation	Nature of and Explanation for Departure
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	On completion of the Transaction, Mr Oliver B. Hasler will be chairman and chief executive officer of the Company. The Company is mindful of the need to have strong independent Board representation and anticipates that as the Company grows and its projects expand it will appropriate to appoint an independent non-executive as chairman, either from the existing Directors or via a new appointment.
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	The Company does not currently have the facilities to send and receive correspondence electronically with shareholders. On completion of the Transaction, the directors will review this option and consider the cost associated with maintaining the electronic system for communication.

NSX Corporate Governance Policies and Procedures

The Company is seeking listing and quotation of its Shares on the NSX. The NSX has developed suggested content for corporate governance policies and procedures which is set out in the NSX's Practice Note 14 (**Practice Note 14**). The content outlined in Practice Note 14 is not prescriptive, but is intended to act as a guideline for listed entities' corporate governance.

The policies and procedures that listed entities may adopt as suggested by Practice Note 14, and the approach adopted by the Company to comply with such guidelines, is listed below:

Suggested content and scope	Company Policy
A. Policies and procedures adopted to ensure that the issuer acts according to law, including satisfying its reporting obligations under the Corporations Act and the Listing Rules.	**Code of Conduct** The Code of Conduct prescribes standards of ethical behaviour expected from the board, management and employees. All directors, officers, managers and employees are required to meet certain standards of ethical behaviour including acting honestly, in good faith and in the best interests of the Company as a whole, and avoiding conflicts of interest and managing conflicts of interest appropriately if they arise.
B. Policies and procedures adopted to ensure that the Issuer's board acts with due care and diligence and in the interests of shareholders.	**Board Charter** The Company has adopted a Board Charter which sets out the principles for operation of the Company board of directors. The board is accountable to shareholders for performance of the Company. **Securities Trading Policy** This policy acts as a guide to dealing in the Company's securities. It discusses the Corporations Act insider trading provisions, trading restrictions.
C. Policies and procedures adopted to adequately identify and deal with conflicts of interest at board, management and employee levels.	**Code of Conduct** The Company's Code of Conduct addresses conflicts of interest which may arise in the Company.
D. Policies and procedures adopted to protect shareholder interests, including: access to information, voting rights, share of profits, and equitable treatment.	**Disclosure Policy** The Company has adopted a disclosure policy which addresses the Company's continuous disclosure obligations. It states that Company has formed policies and procedures to discharge the Company's disclosure requirements to ensure information released to the market. The policy also features the Company's shareholder communication policies, which operate in conjunction with the general disclosure policies. In terms of shareholder communication, the Company aims, amongst other

	things, to maintain an up to date website containing all information announced to ASX, and operate an email register **Risk Management Policy** The Company's risk management policy provides a framework to identify, assess, monitor and manage the risks associated with the Company's business. The Company's risk management is focused on the areas of financial reporting, continuous disclosure (as provided in the disclosure policy), and operations review.
E. Policies and procedures adopted to protect the interests of stakeholders including: employees, creditors and the wider community.	**Remuneration Committee** The remuneration of directors will be decided by the Board supported by the recommendation of the Remuneration and Nomination Committee. Remuneration and Nomination Committee is to review and make recommendations to the Board and to ensure that the remuneration policies and practices are consistent with the Company's strategic goals and human resources objectives.

11. Material Contracts

Set out below is a summary of the contracts that are material to the terms of the Offers, and the operations of the Company's business following the Acquisition, and as such may be relevant to new investors making a decision to invest in the Company. To understand fully the terms and conditions of the contracts it would be necessary to read each contract in full.

11.1 Share Exchange Agreement

Background
On 30 July 2019, SPB entered into a share exchange agreement with the Takmur Vendors. Under the terms of the Share Exchange Agreement, the Takmur Vendors will sell to the Company all the issued shares in Takmur being 2,500 shares for 210,274,171 shares in SPB at an issue price of AU$0.40 per share. The total consideration value of the Share Exchange Agreement is approximately AU$84,109,668.

Completion of the Share Exchange Agreement is to take place no later than 31 December 2019 unless mutually extended by the parties and following Completion of the Acquisition, the Shares shall be issued and allotted to each of the Vendors.

Conditions Precedent
Completion of the Acquisition is subject to satisfaction (or waiver) of various conditions precedent, including:

- the Company conducting, and being satisfied in its absolute discretion, of the results of its due diligence investigations on Takmur and its Mandiri Project;
- the Company not issuing any further shares, options or any other right to subscribe for shares prior toCompletion;
- the parties obtaining all necessary regulatory, third party and shareholder consents and approvals, including but not limited to the Company obtaining shareholder approval for:
  - the issue of the Acquisition Shares;
  - the Consolidation of the Company's issued capital;
  - the issue of Shares under the Public Offer;
  - the change in the Company's activities from an oil and gas company to a mineral sands exploration and production company;
- the Company obtaining in-principle admission approval from the ASX for its relisting on theASX;
- the lodgement of this Prospectus prepared by the Company with ASIC with respect to the Offers; and
- the successful completion of the Public Offer.

The Share Exchange Agreement will terminate in the event that the conditions precedent are not satisfied or waived. Each of the parties must use reasonable endeavours to ensure that each of the conditions precedent are satisfied as soon as practicable and will fully co-operate to satisfy the conditions precedent.

As at the date of this Prospectus the Share Exchange Agreement has been varied to the extent necessary to change the reference to ASX approval to “NSX Approval” and to extend the latest date for completion. All of the remaining conditions have been satisfied such that NSX Approval and completion of the Public Offer are the only outstanding conditions.

Issue of Shares
In consideration for the issued shares in Takmur, the Company will issue the Acquisition Shares to each of the Vendors as follows:

Vendor Name	No. of Takmur Shares held	% in Takmur	Acquisition Shares (Post-Consolidation)	% held of SPB after the Transaction
Phoenix Fund Solutions Ltd.	1,100	44%	92,520,635	35.1%
Takmur SPC Ltd.	1,000	40%	84,109,669	31.9%
Sinowide International Limited	135	5.4%	11,354,805	4.3%
Sino Ventures Limited	130	5.4%	11,354,805	4.3%
Unico Holdings Limited	135	5.2%	10,934,257	4.2%
TOTAL	**2,500**	**100%**	**210,274,171**	**79.8%**

Phoenix Fund Solutions Ltd and Takmur SPC Ltd will hold greater than 20% of the Company post-Transaction.

The Acquisition Shares will be issued to each of the Vendors free of any charges, liens, or any other encumbrances such that on registration the Purchaser will become the registered owner of their respective Acquisition Shares and will have all such rights and entitlements attached to those Acquisition Shares. Under the agreement, the Vendors acknowledge that the Acquisition Shares may be subject to escrow restrictions.

Obligations

Prior to completion of the Share Exchange Agreement, the Takmur Vendors agree to, amongst other things, carry on business of Takmur in the normal course, use all reasonable endeavours to maintain the trade and trade connections of Takmur and its subsidiaries and use all reasonable endeavours to maintain the assets and business of Takmur in good standing.

Warranties

Under the Share Exchange Agreement, the Takmur Vendors make standard warranties, including that:

- the agreement and other documents referred to in it constitute valid, legal and binding obligations on the Takmur Vendors;
- the 2,500 Takmur shares being purchased from the Takmur Vendors constitute the whole of the allotted and issued share capital of Takmur;
- the Takmur Vendors are the legal and beneficial owners of the Takmur shares;
- Takmur is the registered owner of 99% of the share capital in PT AUM;
- PT AUM is entitled to control 75% of the voting rights and to receive 95% of the economic benefits of Mandiri;
- Mandiri is the sole legal owner and beneficiary of IUP 16/DPE/IX/2010; and
- That Takmur's interests in PT AUM, Mandiri and IUP 16/DPE/IX/2010 are in good standing.

The liability of the Takmur Vendors for any claim is limited by the value of the Acquisition Shares.

The terms of the Share Exchange Agreement is otherwise on terms considered standard for this type of agreement.

11.2 Key Operational Material Contracts

Exclusive Operation and Management Agreement between PT Andary Usaha Makmur, Mandiri and Existing Shareholders

On 24 January 2019, PT AUM and Mandiri entered into an exclusive operation and management agreement with the existing shareholders of Mandiri. The operation and management agreement commenced on 24 January 2019 and will continue until terminated by written notice from PT AUM to Mandiri. Mandiri may not terminate the Agreement.

PT AUM is 99% controlled by Takmur.

Under the terms of the agreement:

- Mandiri must appoint PT AUM as the exclusive operation and management services provider for Mandiri; and
- PT AUM will invest in Mandiri up to US$15,000,000 over a period of 10 years for mining equipment, other capital expenditures, exploration and geology studies, operational and administrative best practices, and management and other consulting services.

The services that may be provided by PT AUM include, but are not limited to, providing advice which may be required by Mandiri for the conduct of the business and international marketing of the business, and providing assistance that the general manager may require to recruit, employ, train and direct employees for the safe and proper conduct of the business.

In return for PT AUM's services to Mandiri, Mandiri will pay service fees to PT AUM equal to 95% of its annual net profit per annum for the term of the agreement.

During the period of the agreement, Mandiri and the existing shareholders of Mandiri warrant that, amongst other things:

- the board of directors of Mandiri shall consist of three members, and two of them shall be approved by PT AUM;
- PT AUM may request the existing shareholders to replace the PT AUM directors with new candidates appointed by PT AUM during the period of the agreement;
- any change in the formation of the board of directors shall be approved by PT AUM in advance; and
- each of the existing shareholders of Mandiri shall pledge the shares he holds in Mandiri to PT AUM.

The obligations of Mandiri and its shareholders under the agreement will remain enforceable and survive any share restructuring, corporate reorganisation or change of control implemented by Mandiri.

The Directors regard the agreement to be otherwise on standard terms and enforceable in accordance with those terms.

Share pledge agreements

Pursuant to the operation and management agreement, each of Mandiri's three shareholders entered into separate share pledge agreements with PT AUM and Mandiri.

Under the agreements each of the shareholders have pledged all of their shares in Mandiri to PT AUM to secure the obligations, warrants and representations made by the shareholder under the Exclusive Operation and Management Agreement. The agreements each continue in full force and effect until terminated be written mutual consent of the parties.

Where the shareholder acquires any additional shares in Mandiri, those share certificates will be delivered to PT AUM. Where there is an event of default under this agreement, PT AUM may take any action necessary to protect itsrights

CFM Machinery Lease Contract

On 3 January 2019 Mandiri entered into a machinery lease contract with PT CFM Minerals Indonesia (**CFM**) for the lease of machinery and equipment for use on the Mandiri Tenement. The term of the lease commenced on 3 January 2019 and will end on 3 January 2022. Following this initial term, the lease will automatically renew unless there is a notice of termination.

A sum of IDR 180,000,000 per year is due to CFM from Mandiri for leasing the equipment and machinery. Key items of machinery leased by Mandiri under this contract include a forklift, generator set, 2 overhung pumps, shaking table and magnetic separators.

The lease agreement also provides that Mandiri must sell to CFM each month during the term of the lease up to 200 metric tons of Zircon sand of 65,5% of minimum $ZrO2$ content (**Sale Commitment**). The sale price of this zircon sold by Mandiri to CFM will be 6.5% less than the open market benchmark price. At its sole discretion, CFM may increase the quantity of the zircon sold by Mandiri to it by up to 500 metric tons.

CFM must pay Mandiri the working capital needed for Mandiri to satisfy the Sale Commitment in advance. The working capital will be calculated on a monthly basis at US$125,000 for every 100 tonnes of zircon grade 65.5% (**Working Capital**). The Working Capital will be adjusted if the market price of zircon sand changes more than 20% from year to year. CRM will also unconditionally pay for partial or full shipments of zircon 65.5% cash of delivery with the issue of an invoice by Mandiri to CRM.

In the event the Sale Commitment and Working Capital requirements are not met, the parties may terminate the agreement without notice. Mandiri also agrees to indemnify CFM for all claims or assertions if it is unable to fulfil its obligations under the agreement, especially the Sale Commitment and the Working Capital payment.

The Company considers that the lease contract, Sale Commitment and Working Capital provisions of the lease contract are advantageous while the Company continues to develop the Mandiri Project.

Mining Contractor Agreements

Mandiri has entered into 11 mining contractor cooperation agreements with contracted miners (**mining contractors**) to unearth heavy mineral concentrate containing zircon. Each of the agreements carry the terms outlined below.

Pursuant to the agreements, Mandiri, acting pursuant to IUP 16/DPE/IW/2010, will purchase the zircon mined and produced by the mining contractor from Mandiri in Desa Tumbang Empas, Kecamatan Mihing Raya, Kabupaten Gunung Mas. The agreements are to last for a term of 5 years and before automatically ending in 2023 unless extended. The quality of the zircon produced by the mining contractors must be 35% ZR and will be priced according to the domestic market price determined at Mandiri's zircon warehouse in Desa Tumbang Empas. Mandiri may reject the mined zircon if it fails to meet the agreed quality requirements.

Mandiri must pay the mining contractor royalties for the zircon prior to transporting the minerals.

In the event the mining contractor breaches the terms of the agreement or the applicable local regulations, the mining contractor is liable to pay Mandiri IDR50,000,000. Disputes arising under the agreements will ultimately be determined in accordance with the District Court of Palangka Raya.

The agreements are compliant with the 2012 JORC Code, VALMIN Code 2015, local mining regulations. Following completion of the Acquisition, 11 mining contractors will be retained.

11.3 Engagement of Mr Oliver B. Hasler

On 1 May 2019, Mandiri entered into a Management Services Agreement with Phoenician Management Services Limited for the provision of management, technical, administrative and advisory services in relation to the production of mineral sands. Under the agreement, Phoenician Management Services Limited is obliged to use all reasonable endeavors to promote and protect the interests of the Company, use reasonable endeavors to ensure the management services are performed with reasonable skill and care, and procure that management employees will attend and act at any premises of the Company.

More specifically, the Management Services Agreement provides the terms of employment of Mr Oliver Hasler in their provision of management services to Mandiri. The key terms are below:

Appointment and Engagement as a Director

The Company and Mr Hasler have entered into an engagement letter to appoint Mr Hasler as a director and Chairman of the Company subject to completion of the Acquisition.

The letter of appointment is in standard form and details his appointment, duties and terms and condition of engagement.

Employment Terms of Mr Hasler

From completion of the Acquisition, Mr Hasler will devote all his reasonable time and attention to fulfil the role of Chief Executive Officer of the Company, Mandiri, Takmur, PT AUM and any holding company or subsidiary of Mandiri. Mr Hasler's base annual salary will be in the amounts below:

No.	Year	Base Annual Salary (in US$)
1	2019	375,000
2	2020	550,000
3	2021	650,000

Mr Hasler will also be entitled to performance bonuses in accordance with the Incentive Plan discussed above at Section 10.5 and, subject to Shareholder Approval, will receive the Performance Rights offered pursuant to the Management Offer.

Performance Rights

In addition to the remuneration mentioned above, Mr Hasler is offered 17,675,376 Performance Rights under this Prospectus. The Performance Rights are offered to Mr Hasler across 9 separate tranches. Vesting of the Performance Rights across the tranches depends on Mr Hasler's continuous employment, certain target sale volume and target EBITDA having been met, or Shares reaching a target price prior to 31 December 2022. The maximum number of potential Shares that may vest pursuant to Mr Hasler's Performance Rights is 21,110,195. A summary of the Performance Rights is provided below:

	Performance Rights	Maximum Shares	Expiry Date	Performance Condition
1	3,250,000	3,250,000	31 March 2020	Continued employment until 31 March 2020
2	1,936,568	2,904,852	30 June 2020	2019 Target Sales Volume Continued employment until 31 December 2019
3	978,261	1,467,391	30 June 2021	2020 Target EBITDA Continued employment until 31 December 2020
4	1,278,866	1,918,299	30 June 2021	2020 Target Sales Volume Continued employment until 31 December 2020
5	1,141,304	1,711,957	30 June 2022	2021 Target EBITDA Continued employment until 31 December 2021

	Performance Rights	Maximum Shares	Expiry Date	Performance Condition
6	1,534,639	2,301,958	30 June 2022	2021 Target Sales Volume Continued employment until 31 December 2021
7	1,940,350	1,940,350	31 December 2022	Share price reaching AU$1.14 at any time from 1 November 2019 to 31 December 2022
8	2,182,894	2,182,894	31 December 2022	Share price reaching AU$1.52 at any time from 1 November 2019 to 31 December 2022
9	3,432,394	3,432,494	31 December 2022	Share price reaching AU$1.90 at any time from 1 November 2019 to 31 December 2022
TOTAL	**17,675,376**	**21,110,195**		

Cessation

Appointment shall cease if Mr Hasler:

- is terminated in accordance with the terms of his employment arrangments;
- resigns; or
- ends their term otherwise in accordance with the Constitution.

There are no significant termination payments that the Company may become liable for in the event of any termination.

11.4 Non-executive Directors' Letters of Appointment

The Company has entered into letters of appointment with each of the Proposed Directors in respect of each of their proposed appointments as non-executive directors of the Company. The letters of appointment are each in standard form and detail each of the proposed non-executive director's appointment, duties and remuneration entitlements, and have received Shareholder approval at the General Meeting for the appointment of the Proposed Directors.

Appointment shall cease if a non-executive director:

- is not re-elected as a director by the shareholders of the Company at any meeting;
- resigns; or
- ends their term otherwise in accordance with the Constitution.

Remuneration

Non-executive directors will be entitled to a base fee of AU$40,000.00 per annum. Fees may be adjusted at any time by the Board and will be paid at the conclusion of each quarter in arrears.

Directors are also entitled to be reimbursed reasonable expenses incurred in performing their duties, including the cost of attending Board meetings, travel, accommodation and entertainment where agreed to by the Board.

11.5 Personnel Services Agreements

Following the Acquisition, it is the intention of Takmur to maintain relevant and appropriate employment contracts and service agreements with its staff – such staff being employed by entities contained within the Company structure.

11.6 Deeds of Indemnity, Insurance and Access

The Company has entered into Deeds of Indemnity, Insurance and Access (**Indemnity Deeds**) with each of its current Directors pursuant to which the Company agrees to indemnify the Directors against certain liabilities incurred by them whilst acting as a Director of the Company (or a subsidiary). The Indemnity Deeds insure the Directors against certain risks to which the Directors are exposed to as a Director of the Company and grant the Directors right of access to certain records of the Company for a period of seven years after the Director ceases to be a Director.

Subject to obtaining Shareholder Approval for completion of the Acquisition, the Company and the Proposed Directors (including Mr. Alvin Tan) will enter into separate Indemnity Deeds on terms consistent with the presently existing Indemnity Deeds with the Directors. Under the Indemnity Deeds, Company will agree to indemnify the Proposed Directors against certain liabilities incurred whilst acting for the Company, to insure against certain risks to which they may be exposed to and to grant to them a right of access to certain records of the Company for a period of seven years after they cease to be an officer.

11.7 Placement Agreement

On 23 July 2019, the Company entered into a placement agreement with Cedrus pursuant to which Cedrus will act as a placement agent for the Company and will identify entities or individuals that are interested in subscribing for in the Company. Under the agreement, Cedrus has rights to raise up to AU$14 million from investors introduced by Cedrus and approved by the Company for the Public Offer.

In consideration for Cedrus's services performed under the agreement, the Company will pay Cedrus a success fee of 6% of the total proceeds received by the Company from entities or individuals who subscribe for the shares issued under the Public Offer,. The fee will only be paid on receipt of the proceeds involving the subscribing individuals introduced by Cedrus.

Additionally, under the placement agreement the Company has agreed to pay all costs and expenses incidental to the performance of Cedrus' services under the agreement. This will generally include travel costs, document product, marketing expenses and customary expenses for this transaction. Fees for public relations and marketing will not exceed US$100,000.

The representations and warranties of each of the parties are standard for an agreement of this nature. In addition to providing the representations and warranties, under the agreement the Company agrees to indemnify Cedrus and affiliates from all loss and damage which arises out or untrue statements of material facts by the Company.

The agreement continues for an initial period of 12 months. After this initial 12 month period, the agreement will continue in force on a six month to six month basis until it is terminated by mutual agreement.

11.8 Deal Advisory Agreement

On 23 July 2019 the Company entered into an Advisory Agreement with Cedrus. The agreement will continue for an initial period of 12 months and will remain in force on a six month to six month basis if not terminated.

Under the terms of the agreement, Cedrus will assist the Company to:

- identify and procure proper target in the natural resources sector for the Company, suitable for the Company to seek re-admission to listing on the ASX;
- advise on the deal structure, valuation and protective rights of the Company under the reverse merge transaction;
- assist the Company in negotiation with the vendors of the target assets or companies;
- assist the Company in completion of the reverse merge transaction; and
- assist the Company in the process of re-listing on the ASX.

In return for Cedrus' services to the Company, the Company will pay to Cedrus fees of AU$1,400,000 for the identification of targets (in this case being Takmur under the Acquisition) in the natural resources sector for the Company, and US$400,000 for the remaining services. Additionally, the Company will reimburse Cedrus for its reasonable expenses incurred in connection with the engagement, which will generally include travel costs, document production, marketing expenses and other customary expenses. During the term of the agreement, Cedrus will be the Company's exclusive advisor in providing the services. Cedrus has the right to request the Company to immediately cancel any similar agreements or arrangements with any third party, failure of which the Company is obliged to compensate Cedrus with US$1,000,000 in damages.

As at the date of this Prospectus, by agreement between the parties, this agreement has been varied to replace the references to ASX with references to NSX.

Each party to the agreement indemnifies the other against any and all losses, claims, damages, demands, actions, liabilities, costs and expenses arising out of or attributable to untrue statements or representations, a material breach of the agreement or misconduct or negligence in the performance of obligations under the agreement.

11.9 Brokerage Agreement

On 23 July 2019 the Company entered into a brokerage agreement with Cedrus whereby the Company engages Cedrus as an independent broker on an exclusive basis to provide:

- Finance and find raising services to the Company;
- Corporate cash management services;
- Merger and acquisition advisory services to the Company; and
- Any other related advisory services that may be required by the Company.

The agreement will continue for a term of 36 months from the date the agreement is executed. If the agreement is not terminated after the initial 36 month period, it will continue to remain in force on a six month to six month basis. Either party may terminate the agreement for convenience at the expiration of the 36 month term. Standard termination clauses on default apply.

In consideration for the services produced by Cedrus under the agreement, the Company may be required to pay Cedrus certain professional fees which will be determined on a project-to-project basis. In addition to the professional fees, a success fee will also be contingent and payable to Cedrus by the Company on the closing of a transaction between the Company and any target company or assets introduced by Cedrus. The success fee will be 5% of the total amount of the transaction or another amount otherwise agreed by the Parties in writing. In addition to the professional fees and success fee, the Company will reimburse Cedrus for reasonable expenses incurred in connection with the agreement, which include travel costs, document production, marketing expenses and other customary expenses.

The Company has agreed to a standard 12 month non-circumvention post termination under this agreement.

As at the date of this Prospectus, by agreement between the parties, this agreement has been varied to replace the references to ASX with references to NSX.

Each of Cedrus and the Company provide to the other representations, warranties and covenants standard for this type of agreement. Each party also indemnifies the other and their affiliates from losses and damages arising out of any untrue statements made, material breaches or misconducts or negligence.

11.10 Lead Manager Agreement

The Company has a Lead Manager Mandate with Indian Ocean Corporate Pty Ltd (**IOC**) dated 31 July 2019 (**Mandate**). The Mandate provides that IOC is to assist the Company on its reverse takeover and relisting on the ASX. The Mandate lasts for a term of 12 months and will expire at the end of that term, unless terminated earlier.

Under the Mandate, IOC is engaged by the Company as Lead Manager. As part of its engagement, IOC will provide the Company corporate and financial services, such as project managing the transaction, co-ordinating the marketing of the Public Offer and assisting the Company and its legal and other professional advisers in relation to the Public Offer.

IOC will be entitled to 6% of funds raised by IOC under the Public Offer.

In the event the Acquisition and Public Offer is successful, the Company will pay IOC a fee of AUD$150,000. Certain additional out of pocket expenses may also be payable by the Company to IOC. No fee is charged by IOC if the transaction does not complete.

The representations and warranties of each of the parties are standard for an agreement of this nature. In addition to providing the representations and warranties, the Company indemnifies IOC and its directors, officers, employees and consultants in connection with IOC's work on the transaction. The indemnity does not extend to consequential or indirect loss, or to circumstances where IOC has been, for example, negligent or fraudulent.

As at the date of this Prospectus, by agreement between the parties, this agreement has been varied to replace the references to ASX with references to NSX.

12. Additional Information

12.1 Rights Attaching to Shares

Details of the rights attaching to Shares arise from a combination of statute, general law and the Constitution. The following is a summary of the more significant rights, privileges and restrictions attaching to Shares and the Constitution. This summary is not intended to be exhaustive and must be read subject to the full text of the Constitution. Shares issued under this Prospectus will rank equally in all respects with the existing Shares.

Voting

Shareholders are entitled to notice of and to attend general meetings of the Company. Subject to the voting rights of preference shares and any other shares which may in the future be issued with special or preferential rights, every Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands, and on a poll, one vote for each fully paid Share. In the case of an equality of votes, the Chairman of the meeting shall not have a second or casting vote. Preference shareholders have no right to vote save for in the circumstances set out in Listing Rule 6.3.

Dividends

Subject to the dividend rights of preference shares and any shares which may in the future be issued with special or preferential rights, the Directors may declare a dividend to be paid to Shareholders entitled to that dividend. The Directors may set aside out of the profits of the Company such amounts as they determine as reserves to be applied at the discretion of the Directors for any purpose for which the profits of the Company may be properly applied. Dividends may be paid wholly or partly by the distribution of specific assets, including paid up shares in, or debentures of, the Company or any other body corporate.

If the Company pays a dividend by distributing paid up shares in a body corporate whether by issue or transfer, each member agrees to become a member of that body corporate and in the case of a transfer of shares appoints the Company and each Director of the Company as its agent to execute the relevant instrument of transfer.

Capital Reductions

In accordance with Part 2J.1 of the Corporations Act, a meeting of members may, by resolution, resolve that the Company may reduce its share capital by the distribution of specific assets, including paid up shares in, or debentures of, the Company or any other body corporate.

If the Company reduces its share capital by distributing paid up shares in a body corporate whether by issue or transfer, each member agrees to become a member of that body corporate and in the case of a transfer of shares appoints the Company and each Director of the Company as its agent to execute the relevant instrument of transfer.

Capitalisation of Profits and Conversion of Shares

Subject to the Listing Rules, the Directors or Shareholders at a general meeting may resolve to capitalise and distribute any undivided profits of the Company to members in the same proportions as if distributed by way of dividend.

The Company in general meeting may convert all or any of its shares into a larger or smaller number of shares by ordinary resolution.

Rights on Winding Up

Subject to any rights or restrictions attached to a class of Shares, on a winding up of the Company, any surplus must be divided among the members in the proportions which the amount paid on the Shares of a member is of the total amounts paid and payable on the Shares of all members.

The liquidator in a winding up may, with the sanction of a special resolution of members, divide among the members the whole or any part of the property of the Company and determine how the division is to be carried out as between the members or different classes of members.

Offer of Shares

Without prejudice to any special rights conferred on the holders of any shares or class of shares and subject to the Constitution, the Corporations Act and the Listing Rules, the Directors may issue shares and options on such terms and conditions as the Directors think fit.

Transfer of Shares

Subject to the Constitution, the Corporations Act, the Listing Rules and the ASX Settlement Rules, the Shares are freely transferable. A member may transfer shares by a market transfer in accordance with any manner required or permitted by the Listing Rules, the Corporations Act or the ASX Settlement Rules. Shares may also be transferred by an instrument in writing in any usual or common form or in such other form as the Directors approve or in such form as is required by the ASX Settlement Rules.

Unmarketable Parcels

The Constitution provides that the Directors may cause the Company to sell a member's shares if that member holds less than a marketable parcel of shares, provided that the procedures set out in the Listing Rules and Schedule 1 of the Constitution are followed. A non-marketable parcel of shares is defined in the ASX market rules and is, generally, a holding of shares with a market value less than $500.

NSX Listing Rules

While the Company is admitted to the NSX, notwithstanding anything in the Constitution, if the NSX Listing Rules prohibit an act being done, the act must not be done. If the NSX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done, and if the NSX Listing Rules require a provision to be included in the Constitution, the Constitution will be treated as containing that provision. If any provision of the Constitution becomes inconsistent with the NSX Listing Rules, the Constitution will not be treated as containing that provision to the extent of the inconsistency.

Variation of Rights

The Company may only modify or vary the rights attaching to any class of shares with the consent in writing of the shareholders with at least 75% of the votes in the class or by special resolution passed at a meeting of the holders of the issued shares of that class.

Alteration of the Constitution

The Corporations Act provides that the Constitution can only be amended by a special resolution passed by at least 75% of the votes cast by members entitled to vote on the resolution.

12.2 Interests of Experts and Advisors

HopgoodGanim Lawyers have acted as Australian solicitors to the Company in providing general advice, and assisting in the Company's due diligence enquiries in relation to the Public Offer and this Prospectus. HopgoodGanim Lawyers will receive professional fees of approximately AU$100,000 in respect of services provided in relation to this Prospectus. Additional costs may be incurred by the Company and payable to HopgoodGanim Lawyers on an hourly basis for work and advice provided outside of the preparation of this Prospectus. In the 2 years prior to this Prospectus the Company has not paid any fees to HopgoodGanim Lawyers.

Hall Chadwick has acted as investigating accountant to the Company in relation to this Offer. Hall Chadwick will receive professional fees of approximately AU$20,000 (net of Goods and Services tax) in respect of services provided in relation to the Offer.

Continental Resource Management Pty Ltd has acted as geological and technical specialist to the Company in relation to this Prospectus and will receive fees of approximately US$28,400 for these services.

Indian Ocean Corporate Pty Ltd has acted as the Australian Lead Manager for the Transaction and will receive fees of approximately AU$150,000 and a commission of 6% of funds raised by Indian Ocean Corporate Pty Ltd under the Public Offer for its services.

Sholeh, Adnan and Associates have acted as Indonesian legal advisor in relation to this Prospectus and will receive fees of approximately US$6,200 for these services.

Cedrus Investments Limited has also acted as an advisor and broker for the Transaction and will receive the following fees for its services:

- AU$1,400,000 and US$400,000 for the provision of advisory services to the Company, which includes identifying and procuring a target in the natural resources sector for the Company, advising on the deal structure and rights of the Company under the RTO, assisting the Company in negotiating with the vendors, assisting the Company in completing the RTO, and assisting the Company in listing;
- Up to AU$840,000 or 6% of the capital raised through the Public Offer for acting as the Company's placement agent in connection with the sale of the Shares pursuant to the Transaction.

Directors' Indemnity and Insurance

To the extent permitted by the Corporations Act, the Company may indemnify every person who is or has been an officer of the Company and, where the Board considers it appropriate, any person who is or has been an officer of a related body corporate of the Company against any liability incurred in his or her capacity as an officer of the Company or a related body corporate.

Except to the extent prevented by the Corporations Act, the Company may pay, or agree to pay, a premium for a contract insuring an officer of the Company or a related body corporate of the Company against any liability incurred by the person in that capacity, except a liability (other than one for legal costs) arising out of:

- conduct involving a wilful breach of duty in relation to the Company; or
- a contravention of sections 182 or 183 of the Corporations Act.

12.3 Expenses of the Offers and AcquisitionCosts

It is estimated that the expenses of the Offers will be AU$1,218,406 for Subscription of 35,000,000 shares. These costs are estimated as follows:

	Cost AU$	Cost US$[2]
Investigating Accountants' Report	20,000	13,800
Geologists' Report	41,160	28,400
Legal services	100,000	69,000
Listing and ASIC Fees	172,246	118,850
Printing and registry services	45,000	31,050
Capital raising fee (@ 6%) [1]	840,000	579,600
Total estimated costs of the Public Offer	**1,218,406**	**840,700**
Transaction costs (corporate advisory, legal fees, management and introduction fee and Notice of Meeting costs)[3]	2,209,710	1,524,700
Accounting, administration and legal due diligence costs	526,720	363,437
Total estimated Disposal and Acquisition costs	**2,736,430**	**1,888,137**
Contingencies and other costs	45,164	31,163
Total estimated Disposal costs, Acquisition costs and Public Offer expenses	**4,000,000**	**2,760,000**

[1] The Public Offer is not underwritten. Cedrus Investments Limited and Indian Ocean Corporate Pty Ltd are entitled to a fee of 6% of the dollar amount of shares issued to investors as a direct result of their services. The above table reflects the maximum amount payable to Cedrus Investments Limited and Indian Ocean Corporate Pty Ltd collectively, should they procure the entire Public Offer.

[2] Foreign exchange conversion at a rate of AU$1:US$0.69

[3] Advisory and Experts Fees are detailed as follows:

- AUD$1,400,000 to Cedrus Investments Limited as a Procurement and introduction Fee for identifying the Mandiri Project and assisting with the acquisition of Takmur

- AUD$579,000 to Cedrus Investments Limited as an Advisory Fee upon the Acquisition
- AUD$150,000 to Indian Ocean Corporate Pty Ltd as Advisory and Lead Manager Fee
- AUD$30,000 to Stantons International for the Independent Expert for the Notice of Meeting
- AUD$50,000 to CSA Global as the Independent Technical Expert for the Notice of Meeting
- Balance of fees are provision for implementation of the Acquisition and anticipated ongoing costs

12.4 Consents and Disclaimers of Responsibilities

The following have given their written consents, and have not withdrawn those consents before the lodgment of this Prospectus with ASIC, in the following terms:

- HopgoodGanim Lawyers has given, and at the time of lodging this Prospectus with ASIC, has not withdrawn its written consent to be named in this Prospectus as Australian solicitors for the Company in the form and context in which it is so named;
- Sholeh, Adnan and Associates has given, and at the time of lodging this Prospectus with ASIC, has not withdrawn its written consent to be named in this Prospectus as Indonesian solicitors for the Company in the form and context in which it is so named;
- Continental Resource Management has given, and at the time of lodging this Prospectus with ASIC, has not withdrawn its written consent to be named in this Prospectus as an geologist for the Company in the form and context in which it is so named and for the inclusion in this Prospectus of its Geological and Technical Report;
- Pitcher Partners has given, and at the time of lodging this Prospectus with ASIC, has not withdrawn its written consent to be named in this Prospectus as auditors for the Company in the form and context in which it is sonamed;
- Hall Chadwick has given, and at the time of lodging this Prospectus with ASIC, has not withdrawn its written consent to be named in this Prospectus as investigating accountant for the Company in the form and context in which it is so named and for the inclusion in this Prospectus of its Investigating Accountant's Report;
- Advanced Share Registry Services has consented to being named in the Corporate Directory and elsewhere in this Prospectus as the Share Registry for the Company;
- Cedrus Investments Limited has given and has not withdrawn its consent to be named in this Offer Document as Corporate Adviser to the Company in the form and context in which it is named. It takes no responsibility for any part of the Offer Document other than references to its name;
- Indian Ocean Corporate Pty Ltd has given and has not withdrawn its consent to be named in this Offer Document as Lead Manager to the Company in the form and context in which it is named. It takes no responsibility for any part of the Offer Document other than references to its name.

No entity or person referred to in this section above authorised or caused the issue of this Prospectus nor makes any express or implied warranty in relation to the Company, this Prospectus or the Offer and further, no entity or person referred to in this Section above has made any statement that is included in the Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. To the maximum extent permitted by law, each of the entities and persons referred to above expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus except the reference to its name and any statement or report included in this Prospectus with the consent of that party as specified above.

There are a number of persons or entities referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

12.5 Electronic Prospectus

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

The Company reserves the right not to accept an Application Form from an Applicant if it has reason to believe that when that Applicant was given access to the electronic Application Form, it was not provided together with an electronic copy of this Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies shall be held by the Company on trust and refunded in full (without interest) to the Applicant as soon as practicable.

12.6 Continuous Disclosure and Documents Available forInspection

The Company is a "disclosing entity" for the purposes of Part 1.2A of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations which require it to disclose to ASX and, if admitted, NSX any information which it is or becomes aware of concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the securities of the Company. The Company's announcements are available free of charge on the ASX website or on request to the Company.

12.7 Constitution Available for Inspection

The Constitution of the Company is available for inspection during normal business hours free of charge at the Registered Office of the Company, until the Offer Closing Date.

13. Questions and Enquiries

If you have any questions concerning the Offers, your existing holding of Shares, or any part of this Prospectus, please contact South Pacific Resources Limited's Company Secretary.

Enquiries in relation to the Offer should be directed to South Pacific Resources Limited's Company Secretary, Ms. Louisa Martino:

Address	
Level 5 56 Pitt Street Sydney, New South Wales Australia, 2000	Tel: +61 (02) 8823 3179 Fax: +61 (02) 8004 8241 Louisa@indianoceancapital.com

14. Directors' Authorisation

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

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

Signed for and on behalf of South Pacific Resources Limited by:

…………………………………………….

Chairman and Non Executive Director

For and on behalf of
South Pacific Resources Limited

13 January 2020

15. Definitions

Where the following terms are used in this Prospectus they have the following meanings:

2009 Mining Law means the Law of Mineral and Coal Mining No. 4 of 2009 of the Republic of Indonesia.

Acquisition means the acquisition by the Company of all of the issued capital in Takmur via the Share Exchange Agreement.

Acquisition Shares means 210,274,171 ordinary shares (post Consolidation) in SPB issued to the Vendors as consideration under the terms of the Share Exchange Agreement**.**

Additional Offers means the Takmur Offer and Management Offer.

AEST means Australian Eastern Standard Time.

Applicant means a person who submits a valid Application Form pursuant to this Prospectus.

Application means an application by way of a completed Application Form to subscribe for Shares under this Prospectus.

Application Monies means monies received from Applicants in respect of their Application.

Application Form means the Share Offer Application Form, Vendor Application Form and Application Form enclosed with this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX Settlement Rules means the official settlement rules administered by ASX.

ASX means ASX Limited ABN 008 624 691.

AU$ means Australian dollars, being the lawful currency of Australia.

Awards means Options or Performance Rights, as the context requires, granted under the Stock Incentive Plan.

Board means the board of Directors of the Company.

Business Day means a day on which banks are open for business in the applicable jurisdiction.

Cedrus means Cedrus Investments Limited.

Chairman means the chairman of the Board from time to time.

CHESS means the Clearing House Electronic Subregistry System operated by ASX.

Closing Date means the date the Public Offer closes, being around 24 January 2020 or such other date and time as may be determined by the Directors.

Company or S PB means South Pacific Resources Limited AB N 3 0 073 099 171 , being a company incorporated in Australia and having registered address at Level 6, 56 Pitt Street, Sydney NSW 2000.

Company Secretary means the company secretary of the Company.

Completion means completion of the Share Exchange Agreement in accordance with its terms and conditions.

Conditions has the meaning given to that term in Section 2.7 above.

Consolidation means the 20:1 consolidation of the capital of the Company.

Constitution means the constitution of the Company.

Consolidation means the 20:1 consolidation of the capital of the Company the subject of a resolution at the General Meeting.

Consolidation Date means 13 December 2019.

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

Delisting General Meeting means the general meeting of the Company to be held on or about 24 January 2020 to consider resolutions related to the removal of the Company from the official list of the ASX.

Director means a director of the Company (and where context requires includes the Proposed Directors).

Disposal means the disposal of the main undertaking of the Company, being the Company's oil and gas businesses, which is subject to Shareholder Approval.

Eligible Participant means

a) Directors;
b) full or part time employees of any Group Company;
c) casual employees or contractors of a Group Company to the extent permitted by ASIC Class Order 14/1000 (as amended or replaced); or
d) prospective participants, being persons to whom an offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant,

who is declared by the Board to be eligible to receive grants of Awards under the Stock Incentive Plan.

Enlarged Company means South Pacific Resources Limited assuming completion of the Acquisition and completion of the Offers.

Existing Shares or **Existing Pre Consolidation Shares** means Shares already allotted and issued as at the date of the Prospectus.

General Meeting means the general meeting of the Company held on 13 December 2019.

Geological and Technical Report means the report of Continental Resource Management Pty Ltd included in Section 8 of this Prospectus.

Group Company means the Company or any associated body corporate.

Hall Chadwick means Hall Chadwick Corporate (NSW) Limited (ACN 080 462 488).

Investigating Accountant's Report means the Investigating Accountant's Report by Hall Chadwick included in this prospectus at Section 7.

IUP-OP means "Izin Usaha Pertambangan Operasi Produksi", or Mining Business Permit for Production Operations granted by the Government of Indonesia.

JORC or JORC Code means the 2012 Australian Code for Reporting of Exploration Results, Mineral Resources and Oil and Gas Reserves.

Listing means the admission of the Company and Official Quotation of the securities of the Company.

Listing Rules means the official listing rules of NSX.

Manager means Mr Oliver B. Hasler.

Mandiri or PTIM means PT Investasi Mandiri, a subsidiary of Takmur.

Mandiri Deposit has the meaning given to it in the Geological and Technical Report.

Mandiri Plant means the heavy mineral sands processing plant forming part of the assets of Mandiri.

Mandiri Project means Takmur's mineral sands project located at the Mandiri Tenement including the Mandiri Tenement, Mandiri Plant and the operations of Mandiri.

Mandiri Tenement means the area as stated in the IUP-OP.

NSX means the National Stock Exchange of Australia.

Offers means the Public Offer and Takmur Offer, contained in this Prospectus.

Official List means the official list of NSX.

Official Quotation means the quotation of securities on the securities market operated by NSX.

Opening Date means the date the Public Offer opens, being 22 November 2019 or such other date and time as may be determined by the Directors

Option means an option granted pursuant to the Stock Incentive Plan to subscribe for a Share upon and subject to the terms of the Stock Incentive Plan and the terms of any applicable offer.

Original Prospectus means the prospectus issued by the Company on 22 November 2019.

Participant means an Eligible Participant to whom an Award has been granted under the Stock Incentive Plan, or their nominee.

Performance Right means a right to acquire a Share, subject to satisfaction of any vesting conditions, and the corresponding obligation of the Company to provide the Share, pursuant to a binding contract made by the Company under the Stock Incentive Plan.

Proposed Directors means Mr Oliver B. Hasler, Mr. Bakhos Georges and Mr Gary J. Artmont.

Prospectus or **Replacement Prospectus** means this prospectus.

PT AUM means PT Andary Usaha Makmur, a 99% owned subsidiary of Takmur.

Public Offer means the offer of 35,000,000 new Shares at an issue price of AU$0.40 per Share to raise AU$ 14,000,000

RTO means reverse takeover.

Schedule means a schedule to this Prospectus.

Section means a section of this Prospectus.

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

Share Exchange Agreement means the agreement between the Company and Takmur Vendors dated 30 July 2019.

Shareholder means a holder of legal title to Shares (collectively).

Shareholder Approval means the approval of resolutions proposed by the Company by Shareholders at the General Meeting described in Section 2.7 of this Prospectus.

Share Registry means Advanced Share registry Services Pty Ltd, 110 Stirling Highway, Nedlands Western Australia 6909.

SPB or Company means South Pacific Resources Limited ARBN 613 928 671.

Stock Incentive Plan means the Stock Incentive Plan voted on at the General Meeting.

Subscription means public offer of 35,000,000 new fully paid ordinary Shares in the Company at an offer price of AU$0.40 per Share to raise AU$14,000,000 being the minimum subscription required under the Public Offer.

Takmur means Takmur Pte. Ltd. a company incorporated in Singapore with company number: 20181911Z and registered address: #14-02, The Arcade, 11 Collyer Quay, Downtown Core, 049317, Singapore.

Takmur Vendors means the shareholders of Takmur, being Phoenix Fund Solutions Limited, Takmur SPC Limited, Sinowide International Limited, Sino Ventures Limited and Unico Holdings Limited.

Takmur Offer means the offer of up to 210,274,171 new Shares to the Vendors of the issued capital in Takmur.

Trade Creditor Shares means 200,178,900 pre-consolidation Shares (or 10,008,745 Shares on a post-consolidation basis) issued pursuant to shareholder approval obtained at the Company's General Meeting held on 20 August 2019 for the payment of trade creditors and convertible notes through the issue of SPB shares.

Transaction means the Acquisition, Consolidation, the Offers and the Listing.

USA means the United States of America.

US$ means United States dollars, being the lawful currency of the USA.

AU$ means Australian Dollar as the currency of the Commonwealth of Australia.

VALMIN Code means the code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports.

Units of Measurement

Ha	means hectares.
HMS	means heavy mineral sands.
m^3	means cubic metres.
M	means millions.
M	**means metres.**
km	means kilometres.
Mt	means million tonnes.
VHM	means valuable mineral sands.

Schedule 1 - Financial Information

Takmur Pte Limited and its Controlled Entities

Interim Financial Report

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 30 June 2019.

Directors

The names of directors who held office during or since the end of the half-year:

Meity Erawaty Ewa

Yanti Kurnia Waty Binte Sapari (resigned on 26 August 2019)

Ong Chuan Heng (appointed on 26 August 2019)

Principal Activities

The principal activity of the consolidated group during the financial half-year was the holder of a mining concession related to a mineral sands deposit located in the Central Kalimantan Province of Indonesia, with an area of 2,032 hectares. In conjunction with this, the group operated a processing plant equipped to produce premium Zircon (65.5 grade).

In the previous half-year, the group only comprised Takmur Pte Ltd (a company incorporated on 28 June 2018 which didn't engage in any trading since its inception).

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of Operations

The profit for the group for the half-year ended 30 June 2019 after providing for income tax amounted to USD $238,839. During the prior year, the Group only comprised Takmur Pte Ltd (a company incorporated on 28 June 2018 which didn't engage in any trading since its inception).

Effective 10 January 2019, Takmur Pte Ltd acquired a 99% interest in PT Andary Usaha Makmur for nil consideration. Effective 24 January 2019, PT Andary Usaha Makmur obtained control over PT Investasi Mandiri through an exclusive operation and management agreement. Both of these transactions resulted in business combinations during the half-year ended 30 June 2019.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year, except for the PT Andary Usaha Makmur and PT Investasi Mandiri business combinations. Refer to 'Review of Operations' section for further details.

New Accounting Standards Implemented

IFRS 16 Leases

The Group has implemented a new accounting standard which has come into effect and is included in the results. IFRS 16: *Leases* has been applied retrospectively without restatement of comparatives by recognising the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of equity at 1 January 2019. The cumulative effect of initially applying the Standard was nil, so no adjustments were required to net profit or opening retained earnings on transition.

Matters Subsequent to the End of the Financial Half-Year

No matters or circumstances has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

This directors' report is signed in accordance with a resolution of the Board of Directors.

Director ……………………………………………………………… ………………………………………………

Meity Erawati Ewa

Dated this 3rd day of October 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Note	Consolidated Group Half-year Ended 30 June 2019 USD $	Consolidated Group Half-year Ended 30 June 2018 USD $
Revenue		2,903,161	-
Cost of sales		(2,076,133)	-
Gross Profit		827,028	-
Interest income		5,456	-
Other revenue		39,200	-
Employee benefits expense		(42,313)	-
Depreciation and amortisation expense		(32,056)	-
Finance costs		(5,301)	-
Consulting and professional expenses		(198,596)	-
Other expenses		(212,726)	-
Compliance costs		(30,650)	-
Repairs and maintenance expenses		(26,939)	-
Profit before income tax		323,103	-
Income tax expense		(84,264)	-
Profit for the period		238,839	-
Other comprehensive income for the half-year		2,636	-
Total comprehensive income for the half-year		241,475	-
Net profit after tax attributableto:			
– owners of the parententity		236,304	-
– non-controlling interest		2,535	-
		238,839	-
Total comprehensive income attributable to:			
– owners of the parent entity		238,940	-
– non-controlling interest		2,535	-
		241,475	-

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	Consolidated Group	
		As at 30 June 2019	As at 31 December 2018
		USD $	USD $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		210,750	-
Trade and other receivables		202,718	-
Inventories		472,202	-
Other assets		120,594	-
TOTAL CURRENT ASSETS		1,006,264	-
NON-CURRENT ASSETS			
Trade and other receivables		201,000	-
Property, plant and equipment		681,584	-
Intangible assets		7,774	-
TOTAL NON-CURRENT ASSETS		890,358	-
TOTAL ASSETS		1,896,622	-
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		600,874	4,375
Lease liabilities		43,594	-
Current tax liabilities		212,826	-
TOTAL CURRENT LIABILITIES		857,294	4,375
NON-CURRENT LIABILITIES			
Lease liabilities		42,557	-
TOTAL NON-CURRENT LIABILITIES		42,557	-
TOTAL LIABILITIES		899,851	4,375
NET ASSETS / (LIABILITIES)		996,771	(4,375)
EQUITY			
Issued capital		1,178	734
Reserves		2,636	-
Retained earnings		231,195	(5,109)
Equity attributable to owners of the Parent Entity		235,009	(4,375)
Non-controlling interest		761,762	-
TOTAL EQUITY		996,771	(4,375)

The accompanying notes form part of these financial statements.

Takmur Pte Limited and Controlled Entities

Interim Financial Report

	Note	Ordinary Share Capital	Retained Earnings	Foreign Exchange Reserve	Non-controlling Interests	Total
		USD $	USD $	USD $	USD $	USD $
Balance at 1 January 2018		-	-	-	-	-
Transactions with owners, in their capacity as owners, and other transfers						
Shares issued during the period		734	-	-	-	734
Total transactions with owners and other transfers		734	-	-	-	734
Balance at 30 June 2018		734	-	-	-	734
Balance at 1 January 2019		734	(5,109)	-	-	(4,375)
Comprehensive income						
Profit for the period		-	236,304	-	2,535	238,839
Other comprehensive income for the period		-	-	2,636	-	2,636
Total comprehensive income for the period		-	236,304	2,636	2,535	241,475
Transactions with owners, in their capacity as owners, and other transfers						
Shares issued during the period		444	-	-	-	444
Non-controlling interests on acquisitions		-		-	759,227	759,227
Total transactions with owners and other transfers		444	-	-	759,227	759,671
Balance at 30 June 2019		1,178	231,195	2,636	761,762	996,771

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Notes	Consolidated Group Half-year Ended 30 June 2019 USD $	Consolidated Group Half-year Ended 30 June 2018 USD $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,619,745	-
Payments to suppliers and employees		(2,309,723)	-
Interest received		5,456	-
Finance costs		(5,301)	-
Tax related expenses		(41,828)	-
Net cash (used in)/generated by operating activities		268,349	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(52,822)	-
Payments for acquisitions, net of cash acquired	4	17,468	-
Net cash (used in)/generated by investing activities		(35,354)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		444	-
Repayments of lease liabilities		(22,689)	-
Net cash (used in)/generated by financing activities		(22,245)	-
Net increase/(decrease) in cash held		210,750	-
Cash and cash equivalents at beginning of period		-	-
Cash and cash equivalents at end of period		210,750	-

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 30 June 2019 have been prepared in accordance with requirements of the International Accounting Standards ("IFRSs"). The Group is a for-profit entity for financial reporting purposes under International Financial Reporting Standard.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Takmur Pte Limited and its controlled entities (referred to as the "Consolidated Group" or "Group"). It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2018.

These interim financial statements were authorised for issue on 3 October 2019.

b. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except for those as described in Note 1(c) below.

c. New and Amended Standards Adopted by the Group

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period. The Group had to change its accounting policies as a result of adopting the following Standard:

– IFRS 16: *Leases*

The impact of the adoption of this Standard and the respective accounting policies are disclosed in Note 2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2019

NOTE 2: CHANGES IN ACCOUNTING POLICIES

This note describes the nature and effect of the adoption of IFRS 16: *Leases* on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019, where they are different to those applied in prior periods.

Despite the changes in the Group's accounting policies, prior year financial statements were not required to be restated

a. Leases

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie leases with a remaining term of 12 months or less) and leases of low value assets are recognised as operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability is as follows:

– fixed lease payments less any lease incentives;

– variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

– the amount expected to be payable by the lessee under residual value guarantees;

– the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

– payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement day and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

b. **Initial Application of IFRS 16: *Leases***

The Group has adopted IFRS 16: *Leases* retrospectively from 1 January 2019. In accordance with IFRS 16.C7 the comparatives for the 2018 reporting period have not been restated. On application it was determined that no adjustments were required given the inconsequential monetary impact of the group's existing operating leases.

NOTE 3: PROFIT FOR THE PERIOD

	Consolidated Group	
	Half-year Ended 30 June 2019	**Half-year Ended 30 June 2018**
	USD $	**USD $**
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Revenues from overseas customers	2,455,911	-
Revenues from local customers	447,250	-
Purchase of raw materials	(1,646,099)	-

NOTE 4: BUSINESS COMBINATIONS

a) *Acquisition of PT Andary Usaha Makmur*

On 10 January 2019, the Group acquired 99% of the issued capital of PT Andary Usaha Makmur, a company that was engaged to be the exclusive operations manager of PT Investasi Mandiri (a company involved in the production and distribution of premium Zircon). The acquisition was for nil purchase consideration however Takmur Pte Ltd assumed the outstanding unpaid amount owing in relation to the issued capital in PT Andary Usaha Makmur.

Through acquiring 99% of the issued capital of PT Andary Usaha Makmur, the Group has obtained control of the company.

The purchase was satisfied by way of the company assuming the liability in relation to the issued capital of PT Andary Usaha Makmur which amounted to USD $344,228.

	Fair Value
	USD $
Purchase consideration:	
– Liabilities assumed	344,228
– NCI’s proportionate share of fair value innet assets	3,399
	347,627
Less:	
Other receivables	344,228
Trade and other payables	(4,375)
Identifiable assets acquired andliabilities assumed	339,853
Goodwill	7,774

Nil profit and revenue resulting from the acquisition of PT Andary Usaha Makmur was included in the consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 June 2019.

NOTE 4: BUSINESS COMBINATIONS

b) Acquisition of PT Investasi Mandiri

On 24 January 2019, the Group obtained control of PT Investasi Mandiri, a company that is the holder of a mining concession related to a mineral sands deposit located in the Central Kalimantan Province of Indonesia, with an area of 2,032 hectares. In conjunction with this, PT Investasi Mandiri operated a processing plant equipped to produce premium Zircon (65.5 grade). Control was obtained through the execution of an exclusive operations and management agreement between PT Andary Usaha Makmur and PT Investasi Mandiri and was for nil purchase consideration.

	Fair Value
	USD $
Purchase consideration:	
– Consideration transferred	-
– NCI's proportionate share of fair value innet assets	755,829
	755,829
Less:	
Cash and cash equivalents	17,468
Trade and other receivables	81,103
Inventories	702,517
Property, plant and equipment	612,190
Trade and other payables	(426,847)
Borrowings	(60,212)
Current tax liabilities	(170,390)
Identifiable assets acquired andliabilities assumed	755,829
Goodwill	-

Profit and revenue resulting from the acquisition of PT Investasi Mandiri amounting to USD $253,460 and USD $2,903,161 respectively are included in the consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 June 2019.

Had the results relating to PT Investasi Mandiri been consolidated from 1 January 2019, consolidated revenue of the Consolidated Group would have remained the same however the consolidated profit of the Consolidated Group would have been USD $201,274 for the half-year ended 30 June 2019.

NOTE 5: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting period.

NOTE 6: EVENTS AFTER THE END OF THE INTERIM PERIOD

The directors are not aware of any significant events since the end of the interim period.

NOTE 7: FAIR VALUE MEASUREMENTS

The carrying amounts of trade and other receivables, trade and other payables and other financial liabilities approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Takmur Pte Ltd, the directors of the Entity declare that:

1. The financial statements and notes, as set out on pages 3 to 10, are:
    a. complying with International Accounting Standard 34: *Interim Financial Reporting*; and
    b. giving a true and fair view of the Consolidated Group's financial position as at 30 June 2019 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable.

Director ______________________________

Meity Erawati Ewa

Dated this 3rd day of October 2019

TAKMUR PTE LTD AND ITS CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TAKMUR PTE LTD AND ITS CONTROLLED ENTITIES

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Takmur Pte Ltd and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements including a summary of significant accounting policies, other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Takmur Pte Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report does not give a true and fair view of the Group's financial position as at 30 June 2019 and its performance for the half-year ended on that date; and complying with International Accounting Standard IAS 34: *Interim Financial Reporting.* As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Takmur Pte Ltd and its controlled entities is not:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and

(ii) complying with International Accounting Standard IAS 34: *Interim Financial Reporting*.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

Drew Townsend
Partner
Dated: 3 October 2019

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SOUTH PACIFIC RESOURCES LIMITED
ABN 30 073 099 171
TO BE RENAMED "PYX RESOURCES LIMITED "

Share Registrars use only	Broker/Dealer stamp only

Offer Application Form

Pursuant to the Replacement Prospectus dated 13 January 2020 (**Prospectus**), **South Pacific Resources Limited** (**to be renamed "Pyx Resources Limited"**) (**the Company**) invites applications for 35,000,000 Shares at an issue price of AU$0.40 per Share to raise AU$14,000,000 (**Public Offer**).
The Offer is scheduled to close at 5.00pm (AEST) on 24 January 2020 (**Closing Date**) unless extended, closed early or withdrawn. Applications must be received before that time to be valid. A person who gives another person access to this Offer Application Form must at the same time give the other person access to the Prospectus.
The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in any doubt as to how to deal with this Offer Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser.

1 Number of Shares you are applying for

, ,

2 Total amount payable (multiply box 1 by AU$0.40 per share)

A$, , .

Applications for Shares must be a minimum of 5,000 Shares (AU$2,000.00) and thereafter in multiples of 1,000 Shares ($400.00).

3 Write the name(s) you wish to register the Shares in (see reverse for instructions)

Name of Applicant 1

Name of Applicant 2 or <Account Designation>

Name of Applicant 3 or <Account Designation>

4 Write your postal address here – to be registered against your holding

Number/Street

Suburb/Town

State

Postcode

5 CHESS Participants only – Holder Identification Number (HIN)

X

Note: *if the name and address details in sections 3 & 4 above do not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.*

6 **EMAIL ADDRESS** (*see reverse of form – this is for all communications legally permissible and despatched by the Company*)

7 **TFN/ABN/EXEMPTION CODE**

Applicant 1

Applicant #2

Applicant #3

If NOT an individual TFN/ABN, please note the type in the box
C = Company; P = Partnership; T = Trust; S = Super Fund

8 **PAYMENT DETAILS**

You may elect to pay your Application Monies via electronic funds transfer or cheque (further details overleaf). Please indicate which payment option you have chosen by marking the relevant box below.
Cheques must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "**SOUTH PACIFIC RESOURCES LIMITED**" crossed "**NOT NEGOTIABLE**" and forwarded to the Company to arrive no later than the Closing Date.

☐	Please enter cheque, bank draft or money order details	Drawer	Bank	Branch	Amount
					$
OR					
☐	**Payment by Electronic Funds Transfer** Please transfer funds to the Company's bank account, with the applicant's name as reference.	South Pacific Resources Limited: Bank: National Australia Bank Bank Address: Level 19, 255 George Street, Sydney NSW 2000 Account Number: 082 057 68 263 3090 SWIFT: NATAAU3303M			

9 **CONTACT DETAILS**

Please use details where we can contact you between the hours of 9:00am and 5:00pm should we need to speak to you about your application.

Telephone Number

( )

Contact Name (PRINT)

10 **DECLARATION AND STATEMENTS**

By lodging this Offer Application Form:

- I/We declare that I/we have received a copy of the Prospectus dated 13 January 2020 issued by the Company and that I/we are eligible to participate in the Offer.
- I/We declare that all details and statements made by me/us are complete and accurate.
- I/We agree to be bound by the terms and conditions set out in the Prospectus and by the Constitution of the Company.
- I/We acknowledge that the Company will send me/us a paper copy of the Prospectus free of charge if I/we request so during the currency of the Prospectus.
- I/we authorise the Company to complete and execute any documentation necessary to effect the issue of Shares to me/us; and
- I/We acknowledge that returning this Offer Application Form with the application monies will constitute my/our offer to subscribe for Shares in the Company and that no notice of acceptance of this Application will be provided.

INSTRUCTIONS FOR COMPLETION OF THIS OFFER APPLICATION FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS OFFER APPLICATION FORM
Please complete all relevant sections of this Offer Application Form using BLOCK LETTERS.
The below instructions are cross-referenced to each section of the Offer Application Form.

1 Number of Shares

Insert the number of Shares you wish to apply for in section 1. Your application must be a minimum of 5,000 Shares (AU$2,000.00) and thereafter, in multiples of 1,000 Shares (AU$400.00).

2 Payment Amount

Enter into section 2 the total amount payable. Multiply the number of Shares applied for by AU$0.40 – the application price per Share.

3 Name(s) in which the Shares are to be registered

Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person.

CORRECT FORMS OF REGISTRABLE TITLE

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Trust
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample < Food Help Club A/C>	Food Help Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

4 Postal Address

Enter into section 4 the postal address to be used for all written correspondence. Only one address can be recorded against a holding. With exception to annual reports, all communications to you from the Company will be mailed to the person(s) and address shown. Annual reports will be made available online when they are released. Should you wish to receive a hard copy of the annual report you must notify the Share Registry. You can notify any change to your communication preferences by visiting the registry website – www.advancedshare.com.au

5 CHESS Holders

If you are sponsored by a stockbroker or other participant and you wish to have your allocation directed into your HIN, please complete the details in section 5.

6 Email Address

The Company's annual report and company information will be available at www.southpacificresourceslimited.com. You may elect to receive all communications despatched by South Pacific Resources Limited electronically (where legally permissible) such as a notice of meeting, proxy form and annual report via email.

7 TFN/ABN/Exemption

If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details in section 7. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application.

8 PAYMENT DETAILS

By making your payment, you confirm that you agree to all of the terms and conditions of the Offer as outlined on this Offer Application Form and within the Prospectus.

Payment by Cheque

If Paying by Cheque, your cheque should be made payable to "**SOUTH PACIFIC RESOURCES LIMITED**" in Australian currency, crossed "**NOT NEGOTIABLE**" and drawn on an Australian branch of a financial institution. Please complete your cheque with the details overleaf and ensure that you submit the correct amount as incorrect payments may result in your Application being rejected.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Offer Application Form. Cash will not be accepted. A receipt for payment will not be forwarded.

If the amount you pay is insufficient to pay for the number of Shares you apply for, you will be taken to have applied for such lower number of Shares as that amount will pay for, or your Application will be rejected.

Payment by Electronic Funds Transfer (EFT)

If paying by EFT, please complete and return the application form and transfer funds directly to the Company's bank account as follows:

Bank: National Australia Bank Bank Address: Level 19, 255 George Street, Sydney NSW 2000	Account Name: South Pacific Resources Limited Address: Level 5, 56 Pitt Street, Sydney NSW	Account Number: 082 057 68 263 3090 SWIFT: NATAAU3303M

The applicant name should be used as a reference for the transfer.

9 Contact Details

Please enter contact details where we may reach you between the hours of 9:00am and 5:00pm should we need to speak to you about your Offer Application Form.

10 Declaration

Before completing the Offer Application Form the Applicant(s) should read the Prospectus in full. By lodging the Offer Application Form, the Applicant(s) agrees that this Application is for Shares in the Company upon and subject to the terms of the Prospectus agrees to take any number of Shares equal to or less than the number of Shares indicated in Section 1 that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign this Offer Application Form.

HOW TO LODGE YOUR OFFER APPLICATION FORM

If you are paying by EFT, please email a scanned copy of your completed Offer Application Form to louisa@indianoceancapital.com.
If you are paying by cheque, please mail or deliver your completed Offer Application Form with your cheque to the following address.

Mailing Address
C/- Indian Ocean Corporate Pty Ltd
Level 5, 56 Pitt Street, SYDNEY NSW 2000

Hand Delivery
Level 5, 56 Pitt Street
SYDNEY NSW 2000

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