



TAO Commodities Ltd
(ACN 618 935 372)

Entitlement Issue Prospectus

For a pro-rata non-renounceable entitlement issue of one (1) Option for every two (2) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.001 per Share to raise up to \$15,694 (before costs of the offer) being up to approximately 15,693,334 Options (**Offer**).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Options being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser. This document may not be distributed in the United States.

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

Corporate Directory

Directors

Mark Connelly (Non-Executive Chairman)

Patric Glovac (Executive Director)

Frank Knezovic (Non-Executive Director)

Company Secretary

Anna MacKintosh

Solicitors

Nova Legal
Level 2, 50 Kings Park Road
West Perth WA 6005

ASX Code

TAO

Registered Office and Principal Place of Business

22 Townshend Road
Subiaco WA 6008

Telephone: + 61 08 6380 2470

Email: info@taocommodities.com.au

Website: www.taocommodities.com.au

Share Registry

Automatic Pty Ltd
Level 2, 267 St Georges Terrace
Perth WA 6000

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

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Indicative Timetable

| Event | Date (2020) |
|---|-----------------------|
| Announcement of Offer and lodgement of Appendix 3B with ASX | Friday, 7 August |
| Lodgement of Prospectus with the ASIC and ASX | Friday, 7 August |
| Ex date | Wednesday, 12 August |
| Record Date for determining Entitlements | Thursday, 13 August |
| Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders, and Company announces despatch has been completed | Tuesday, 18 August |
| Opening Date | Tuesday, 18 August |
| Last day to extend Closing Date of the Offer | Monday, 24 August |
| Closing Date* | Thursday, 27 August |
| Options quoted on a deferred settlement basis | Friday, 28 August |
| Announcement of results of the Offer | Tuesday, 1 September |
| Last date for the Company to issue the Options under the Offer and lodge an Appendix 2A | Thursday, 3 September |
| Quotation of Options issued under the Offer | Friday, 4 September |

** This timetable is indicative only and subject to the Corporations Act and the ASX Listing Rules, the Company reserves the right to change the above dates. The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Options are expected to commence trading on ASX may vary.*

Important Notes

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisers. The Options the subject of this Prospectus should be considered highly speculative.

This Prospectus is dated 7 August 2020 (**Prospectus**) and a copy of this Prospectus was lodged with the ASIC on that date.

The ASIC and ASX take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is 13 months after the date the Prospectus was lodged with the ASIC. No Options will be issued on the basis of this Prospectus after the expiry date.

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

Applications for Options offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. 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.

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

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

This Prospectus contains forward-looking statements which are identified by words such as 'could', 'believes', 'may', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, and its Directors and management.

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

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law. These forward looking statements are subject to various risk factors that could cause our

actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4 of this Prospectus.

Risk Factors

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

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively manage them is limited.

The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of the Company. The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively manage them is limited. The risks associated with an investment in the Company are outlined in Section 4.

1. Details of the Offer

1.1 The Offer

The Offer is being made as a pro-rata non-renounceable entitlement issue of one (1) Option (**Option**) for every two (2) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.001 per Share to raise up to \$15,694 (before costs of the Offer) being up to approximately 15,693,334 Options.

Fractional Entitlements will be rounded up to the nearest whole number.

Each Option will be exercisable at \$0.20, on or before the expiry date of 31 August 2021. All of the Options offered under this Prospectus will be issued on the terms and conditions set out in Section 3.1 of this Prospectus.

All of the Shares issued upon the future exercise of the Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 3.2 for further information regarding the rights and liabilities attaching to the Shares.

Details of the purpose and effect of the Offer are set out in Section 2 of this Prospectus.

1.2 Minimum Subscription

There is no minimum subscription.

1.3 Opening and Closing Dates of the Offer

The Opening Date of the Offer will be Tuesday 18 August 2020 and the Closing Date will be Thursday 27 August 2020 at 5.00pm WST.

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.

1.4 Acceptance

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

You may participate in the Offer as follows:

- (a) if you wish to accept your full Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) make payment via BPAY® or electronic funds transfer (**EFT**), using the instructions set out in and for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Options you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) make payment via BPAY® or electronic funds transfer (**EFT**), using the instructions set out in the Entitlement and Acceptance Form, for the appropriate application monies (at \$0.001 per Option); or

- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

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

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

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

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

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

1.5 Underwriting

The Offer is not underwritten.

1.6 Effect on Control of the Company

In addition, Shareholders should note that if they do not participate in the Offer, their holdings, upon the future exercise of the Options, are likely to be diluted by approximately 33.3% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus).

1.7 Shortfall Offer

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

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Option to be issued under the Shortfall Offer shall be \$0.001 being the price at which Options have been offered under the Offer.

The Directors reserve the right to issue Shortfall Options at their absolute discretion. Accordingly, Shareholders are directed to not apply for Shortfall Options unless instructed to do so by the Directors.

1.8 ASX Listing

In the event that the Company receives sufficient applications to meet the requirements for quotation of a second class of securities under the ASX Listing Rules, application for Official Quotation of the Options offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX

does not grant Official Quotation of the Options offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of this Prospectus, (or such period as varied by the ASIC), the Company will not issue any Options and will repay all application monies for the Options within the time prescribed under the Corporations Act, without interest.

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

1.9 Issue of Options

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

Options issued pursuant to the Shortfall Offer will be allotted on a progressive basis. Where the number of Options issued is less than the number applied for, or where no allotment is made surplus application monies will be refunded without an interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

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

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

1.10 Overseas Shareholders

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

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

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

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

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference

Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

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

1.12 Privacy Act

If you complete an application for Options, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder or Optionholder, facilitate distribution payments and corporate communications to you as a Shareholder or Optionholder and carry out administration.

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

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

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

1.13 Enquiries

Any questions concerning the Offer should be directed to the Company at + 61 08 6380 2470 or by email to info@taocommodities.com.au.

2. Purpose and Effect of the Offer

2.1 Purpose of the Offer

The purpose of the Offer is to reward Shareholders for their loyalty and support. The Offer will also serve to help maintain Shareholder loyalty and Share ownership for Shareholders.

The Board has decided to structure the Offer as a non-renounceable entitlement issue, to:

- (a) provide a cost base for tax purposes in respect of the Options offered under the Offer; and
- (b) cover the expenses of the Offer and;
- (c) provide the company with additional working capital.

2.2 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Options offered under the Prospectus are issued, is set out below.

| Shares | Number |
|--|-------------------|
| Shares currently on issue | 31,386,667 |
| Shares offered pursuant to the Offer | Nil |
| Total Shares on issue after completion of the Offer | 31,386,667 |
| Options | Number |
| Listed Options currently on issue (exercise price \$0.20 expiry 1 September 2020) | 15,448,351 |
| New listed Options to be issued pursuant to the Offer (approximate maximum) | 15,693,334 |
| Total Listed Options on issue after completion of the Offer | 31,141,685 |
| Other Securities | Numbers |
| Unlisted Class A Performance Rights | 1,000,000 |
| Unlisted Class B Performance Rights | 1,000,000 |
| Unlisted Class C Performance Rights | 1,000,000 |
| Performance Rights to be issue pursuant to the Offer | Nil |
| Total Performance Rights on issue after completion of the Offer | 3,000,000 |

Notes:

1. The terms and conditions of the Options to be issued under the Offer are set out in Section 3.1.
2. The table shows the Company's securities at the date of this Prospectus, on an undiluted basis.

2.3 Other Effects of the Offer

The principal effect of the Offer, assuming all Options offered under the Prospectus are issued, will be to:

- (a) issue a new class of listed Options;

- (b) increase the number of Options on issue from 15,448,351 as at the date of this Prospectus to up to approximately 31,141,685 Options; and
- (c) the Company will receive \$0.001 for each Option exercised and raise additional funds of up to approximately \$15,694. The likelihood of the Company raising the additional capital through the exercise of the Options is dependent on the price of the Shares from time to time until the Options expire.

2.4 Financial Effect of the Offer

The Options to be issued pursuant to this Prospectus will be issued for \$0.001 consideration each. The issue of the Options pursuant to this Prospectus will not have a material impact on the Company's current financial position other than to raise \$15,694 (before costs of the Offer of approximately \$17,435).

2.5 Details of substantial holders

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

As at the date of the Prospectus:

| Shareholder | Shares | Options | Percentage Holding (undiluted) |
|---|-----------|---------|--------------------------------|
| Mounts Bay Investments Pty Ltd | 1,909,444 | N/A | 6.08% |
| Syracuse Capital Pty Ltd* *via Syracuse Capital Pty Ltd <Tenacity A/C> and <the Rocco Tassone Super A/C> | 2,919,778 | N/A | 9.30% |

On completion of the Offer (assuming the existing substantial Shareholder above subscribes for their full entitlement and receives Options pursuant to the Offer):

| Shareholder | Shares | Entitlement to Options under the Offer | Total Shares held on exercise of Options under the Offer | Percentage Holding (undiluted) | Percentage Holding (all Options issued under this Prospectus exercised - diluted) ¹ |
|---|-----------|--|--|--------------------------------|--|
| Mounts Bay Investments Pty Ltd | 1,909,444 | 954,722 | 2,864,166 | 8.85% | 6.08% |
| Syracuse Capital Pty Ltd* *via Syracuse Capital Pty Ltd <Tenacity A/C> and <the Rocco Tassone Super A/C> | 2,919,778 | 1,459,889 | 4,379,667 | 13.33% | 9.30% |

¹ Calculated on the basis that all of the Options offered under this Prospectus are exercised into Shares.

3. Rights and Liabilities Attaching to Securities

3.1 Option terms and conditions

The terms and conditions of the Options are as follows:

(a) Entitlement

Subject to paragraph (n), each Options entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraphs (k) and (m), the amount payable upon exercise of each Option will be \$0.20 (**Exercise Price**).

(c) Expiry Date

Each Option will expire at 5:00pm AWST on 31 August 2021 (**Expiry Date**). A Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

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

(e) Notice of Exercise

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

(f) Exercise Date

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

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) issue the number of Shares required under these terms and conditions in respect of the number of Option specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

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

(h) Quotation of Options

The Company will seek quotation of the Options in accordance with the Listing Rules and Corporations Act, subject to satisfaction of the minimum quotation conditions of the ASX Listing Rules.

(i) Shares issued on exercise

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

(j) Quotation of Shares issued on exercise

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

(k) Reconstruction of capital

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

(l) Participation in new issues

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

(m) Adjustment for rights issue

In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the Exercise Price will be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.

(n) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option optionholder would have received if the optionholder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

3.2 Rights attaching to Shares

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

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

(a) General meetings

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

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

(b) Voting rights

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

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

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

(c) Dividend rights

Subject to the rights of any persons entitled to shares with special rights to dividends, the Directors may from time to time declare a dividend to be paid to the Shareholders out of profits.

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

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

(d) **Winding-up**

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

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

(e) **Shareholder liability**

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

(f) **Transfer of Shares**

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

(g) **Variation of rights**

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

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

4. Risk Factors

4.1 Introduction

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

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

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

4.2 Company specific

(a) Limited history

The Company was incorporated in 5 May 2017 and has limited operating history and limited historical financial performance. No assurance can be given that the Company will establish a resource or reserve in accordance with the JORC Code or equivalent reporting requirements. Until the Company is able to realise value from the Project, it is likely to incur ongoing operating losses.

(b) Reliance on Key Personnel

The Company's operational success will depend substantially on the continuing efforts of senior executives. The loss of services of one or more senior executives may have an adverse effect on the Company's operations. Furthermore, if the Company is unable to attract, train and retain key individuals and other highly skilled employees and consultants, its business may be adversely affected.

(c) Additional Requirements for Capital

The funds raised under the Offer are considered sufficient to meet the immediate objectives of the Company. The funds raised through this Prospectus that are spent on mineral exploration may not, however be sufficient to identify JORC Code compliant resources, which will mean that the Company is likely to need to raise more funds. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities.

If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back exploration expenditure as the case may be.

(d) Potential Acquisitions

As part of its business strategy, the Company continues to investigate and review potential acquisitions or significant investments in, complementary companies or prospects although no formal agreements have been made. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

(e) The Company does not expect to declare any dividends in the foreseeable future

The Company does not anticipate declaring or paying any dividends to Shareholders in the foreseeable future. Consequently, investors may need to rely on sales of their securities to realise any future gains on their investment.

(f) If the Company's goodwill or intangible assets become impaired, it may be required to record a significant charge to earnings

Under Generally Accepted Accounting Principles, the Company reviews its intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is required to be tested for impairment at least annually.

(g) Liquidity

Certain securities are likely to be classified as restricted securities. At the end of the relevant escrow periods a significant number of Shares will become tradeable on ASX. This may result in an increase in the number of Shares being offered for sale on market which may in turn put downward pressure on the Company's Share price.

(h) Title Risk

The Company could lose title to or its interest in the Mining Rights if annual claim maintenance fee payments are not paid.

The Company has taken reasonable steps to verify the title to the Mining Rights in which it has, or has a right to acquire, an interest. Although these steps are in line with market practice for exploration projects such as the Project, they do not guarantee title to the Mining Rights nor guarantee that the Mining Rights are free of any third party rights or claims.

(i) Unpatented Mining Rights

The Project is comprised of unpatented lode mining claims (referred to as Mining Rights), which provide for access to and extraction of mineral rights owned by the USA and administered by the United States Bureau of Land Management. Rights under unpatented mining claims of the type the Project comprises are restricted to the extraction and development of a mineral deposit, and no land ownership is conveyed. The rights granted by such mining claims are valid against a challenge by the USA or another claimant only after the discovery of a valuable mineral deposit within the claim. While the Company will use its reasonable efforts to secure discoveries on each Mining Right, there can be no guarantee that the Company will discover a valuable mineral deposit that can defeat a challenge to the unpatented mining claims by the USA or another claimant.

(j) Inherent mining risks

The Company's business operations are subject to risks and hazards inherent in the mining industry. The exploration for and the development of mineral deposits involves significant risks, including: environmental hazards, industrial accidents, metallurgical and other processing problems, unusual or unexpected rock formations, structure cave-in or slides; flooding; fires and interruption due to inclement or hazardous weather conditions. These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, environmental damage, delays in mining, increased production costs, monetary losses and possible legal liability.

(k) Conflicts of Interest

Certain Directors are also directors and officers of other companies engaged in mineral exploration and development and mineral property acquisitions. Accordingly, mineral exploration opportunities or prospects of which these Directors become aware may not necessarily be made available to the Company in the first instance. Although these

Directors have been advised of their fiduciary duties to the Company, there exist actual and potential conflicts of interest among these persons and situations could arise in which their obligations to, or interests in, other companies could detract from their efforts on behalf of the Company.

(l) Offer Risk

If ASX does not admit the Options to Official Quotation before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by ASIC, the Company will not allot or issue any Options and will repay all application monies for the Options within the time prescribed under the Corporations Act, without interest.

4.3 General Risks

The future prospects of the Company's business may be affected by circumstances and external factors beyond the Company's control. Financial performance of the Company may be affected by a number of business risks that apply to companies generally and may include economic, financial, market or regulatory conditions.

(a) General Economic Climate

Factors such as inflation, currency fluctuation, interest rates and supply and demand have an impact on operating costs, commodity prices and stock market prices. The Company's future revenues and securities price may be affected by these factors, as well as by fluctuations in the price of commodities, which are beyond the Company's control.

(b) Changes in Legislation and Government Regulation

Government legislation in Australia or any other relevant jurisdiction, including changes to the taxation system, may affect future earnings and relative attractiveness of investing in the Company. Changes in government policy or statutory changes may affect the Company and the attractiveness of an investment in it.

(c) Competition for Projects

The Company competes with other companies, including mineral exploration and production companies. Some of these companies have greater financial and other resources than the Company. As a result, such companies may be in a better position to compete for future business opportunities and there can be no assurance that the Company can effectively compete with these companies. In the event that the Company is not able to secure a new project or business opportunity this may have an adverse effect on the operations of the Company, its possible future profitability and the trading price of its securities, including the Options offered under this Prospectus.

(d) Commodity Price Volatility and Exchange Rate Risk

If the Company achieves success leading to mineral production, the revenue it will derive through the sale exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors. Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(e) Sharemarket Conditions

The market price of the Company's securities may be subject to varied and unpredictable influences on the market for equities in general and resources stocks in particular.

(f) Speculative Nature of Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Options offered under this Prospectus. Therefore, the Options offered pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the securities.

5. Additional Information

5.1 Company details and update

The Company is an Australian company incorporated in Western Australia in 2017 for the purpose of pursuing various investment opportunities in the resources sector.

Since incorporation, the Company has acquired a 100% interest in the Milford Base Metals Project in Beaver County, Utah, which is considered to be prospective for Zinc, Lead, Copper and Silver.

The Board of the Company includes Directors with lengthy experience in the resources industry and especially in cost-effective exploration and project development. The Company has been investigating and considering complementary exploration opportunities that may add further value for the Company's Shareholders for some time. The Company is currently in negotiations with third parties regarding the potential acquisition of mineral exploration assets, however no agreement has been entered into and finalisation of any such agreement is uncertain at this stage. The Company will announce further details regarding such acquisition at the appropriate time in accordance with its continuous disclosure obligations.

Details of the Company's current activities are summarised in Section 5.2 below, and are also set out in the announcements made by the Company to ASX (and are available from the ASX, or the Company's website at www.taocommodities.com.au).

5.2 Projects

Milford Project

In quarter one of 2020, as part of the Phase 1 exploration programme, future exploration work aims to extend the geochemical anomalies along the interpreted strike (Phase 2) and provide sufficient data to plan initial drilling campaigns.

Phase 1 reconnaissance rock chip results returned encouraging gold and silver results which where grades to 17.4 g/t Au and 8760 g/t Ag were recorded. Soil sampling that was completed in conjunction with the rock sampling defined anomalous zones over several hundred meters open along strike at both Captain Jack and Moccasin.

The planned Phase 2 exploration work will comprise additional soil and reconnaissance rock sampling/mapping along the interpreted anomalous trends and will commence in the September 2020 quarter.

Captain Jack

The Captain Jack Project is located in the southern part of the Milford Project. As part of the Phase 1 programme, total of 102 soil and 14 rock samples were collected at the Captain Jack and Captain Jack West Prospects 1,2. The Captain Jack West prospect is associated with a series of old shallow workings/pits in altered silicified carbonate and sedimentary rocks with evidence of ex-sulphide textures and copper oxide staining. Reconnaissance rock sampling completed by the Company as part of the Phase 1 programme returned samples with anomalous gold, ranging from 0.99 to 17.4 g/t Au. Silver results ranged from 0.25 to 8760 g/t, with four samples assaying >100 g/t (ppm) Ag. Soils sampling has defined partially overlapping NE orientated gold-silver anomalies over several hundred meters in the Captain Jack West prospect area, and a more semi-continuous anomaly over a similar distance at Captain Jack. The soil anomalies appear topographically controlled to some degree, and further detailed mapping is planned along

strike from the outcropping mineralisation to better understand the full extent of the anomaly.

Moccasin Prospect

A total of 107 soil and 13 rock samples were collected as part of the Phase 1 programme at the Moccasin Prospect located in the northern portion of the Milford Project. Four reconnaissance rock samples collected by the Company as part of the Phase 1 programme returned gold values of +1 g/t. A number of samples also returned elevated base metal assay results with 15.1% Pb, 4.64% Zn and 1.21% Cu. Mineralisation occurring as outcrop to sub crop/float (with evidence of historical shallow pits and shafts) was traced along a north-easterly orientation for over 200m and is hosted within dark grey-to grey-brown altered carbonate to cherty carbonate rocks with moderate to intense ferruginisation and pitting after sulphide. Some remnant sulphide including pyrite and chalcopyrite together with copper oxides was observed. Silver results from the soil sampling data have further extended the anomalous trend along strike to the SW from the old workings. Gold results appear more restricted and associated with the locations of the old workings in the main prospect area in the central portion of the soil grid where rock sampling was also completed. A second parallel trend has also been identified from the gold results NW of the main area which remain open to the NE. No rock samples were collected from this area as part of the Phase 1 programme. Anomalous Pb (ppm) and Zn (ppm) are also associated with the geochemical response at Moccasin. Further soil and rock sampling together with geological mapping will aim to extend the zones along strike to the NW and SW. Further information on planned gold exploration work can be found in the ASX announcement dated 30 June 2020. The Phase 2 programme is expected to commence in the September 2020 quarter.

5.3 Continuous Disclosure Obligations and Nature of Prospectus

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

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to ASX. In addition, the Company posts information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

Investors are encouraged to check and monitor any further announcements made by the Company to ASX prior to securities being issued under the Offer. To do so, please refer to the Company’s ASX announcements platform via www.asx.com.au.

The new listed Options to be issued pursuant to this Prospectus are options over continuously quoted securities. This Prospectus is issued under the special prospectus content rules for continuously quoted securities in Section 713 of the Corporations Act, and is a “transaction specific prospectus”. In general terms, a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary

to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This enables listed disclosing entities, such as the Company, to issue a prospectus for continuously quoted securities with modified disclosure requirements if they satisfy certain requirements.

The information in this Prospectus principally concerns the terms and conditions of the Offer and the information reasonably necessary to make an informed assessment of:

- (a) the effect of the Offer on the Company; and
- (b) the rights and liabilities attaching to the New Shares offered pursuant to this Prospectus and the underlying securities.

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

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

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

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

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

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

The Company has lodged the following announcements with ASX since the date of lodgement of the Company's latest annual financial report and before lodgement of this Prospectus with ASIC:

5.4 Announcements

| Date | Description of Announcement |
|------------|---|
| 03/08/2020 | Expiry of Unlisted Options |
| 03/08/2020 | Change of Director's Interest Notice |
| 03/08/2020 | Change of Director's Interest Notice |
| 24/07/2020 | June 2020 Quarterly Activities & Cash Flow Report |
| 30/06/2020 | Further Gold Exploration Work Planned at Milford Project |
| 02/06/2020 | Soil Sampling Results Enhance Prospect Areas |
| 18/05/2020 | Change of Director's Interest Notice |
| 30/04/2020 | TAO Rock Sampling Returns up to 17.4g/tAu and 8760g/tAg |
| 22/04/2020 | Change in substantial holding |
| 21/04/2020 | Release of Options from Escrow |
| 20/04/2020 | Quarterly Activities Report |
| 20/04/2020 | Quarterly Cash Flow Report |
| 16/04/2020 | Appendix 2A |
| 18/03/2020 | Gold Exploration to commence at Milford Project |
| 12/03/2020 | Half Yearly Report and Accounts |
| 24/02/2020 | Cancellation of Performance Rights |
| 18/02/2020 | Termination of DSO Mining Pty Ltd Acquisition |
| 10/02/2020 | Update – Acquisition of DSO Mining Pty Ltd |
| 29/01/2020 | Quarterly Activities Report |
| 29/01/2020 | Quarterly Cash Flow Report |
| 24/01/2020 | Final Director's Interest Notice |
| 23/01/2020 | Director Resignation and Appointment |
| 21/01/2020 | Results of Meeting |
| 18/12/2019 | Notice of General Meeting |
| 04/12/2019 | Appendix 3B |
| 04/12/2019 | Change of Director's Interest Notice |
| 04/12/2019 | Constitution |
| 25/11/2019 | Results of Meeting |
| 14/11/2019 | TAO to proceed with DSO Mining Pty Ltd Iron Ore Acquisition |
| 13/11/2019 | Trading Halt |

| Date | Description of Announcement |
|------------|--|
| 29/10/2019 | Change in substantial holding |
| 28/10/2019 | Quarterly Cash Flow Report |
| 25/10/2019 | Option to Acquire Portfolio of W. Australian Iron Ore Assets |
| 25/10/2019 | Appendix 3B & S.708A(5)(e) Notice |
| 24/10/2019 | Notice of Annual General Meeting |
| 23/10/2019 | Trading Halt |
| 27/09/2019 | Annual Report to Shareholders |
| 27/09/2019 | Appendix 4G |
| 27/09/2019 | Corporate Governance Statement |

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

5.5 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (d) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (e) the Offer,

and no amounts have been paid or agreed to be paid (in cash or securities or otherwise) and no benefits have been given or agreed to be given to any Director or to any firm in which any such Director is a partner or Director, either to induce them to become, or to qualify them as, a Director or otherwise for services rendered by them or by the firm in connection with the formation or promotion of the Company or the Offer.

Remuneration

The remuneration (including superannuation and share based payments unless stated otherwise) paid to the Directors for the two financial years prior to the date of this Prospectus, and proposed to be paid to the Directors for the current financial year (on an annualised basis), is set out below.

| Director | FY 2019 \$ | FY 2020 \$ | Proposed Current FY 2021 \$ |
|-----------------------------|---------------|---------------|-----------------------------------|
| Mark Connelly | 65,700 | 65,700 | 65,700 |
| Patric Glovac | 95,518 | 109,668 | 87,325 |
| Frank Knezovic ¹ | N/A | 15,425 | 39,420 |
| Jason Brewer ² | 42,705 | 29,565 | N/A |

Notes:

- 1 Mr Knezovic was appointed as director on 23 January 2020.
- 2 Mr Brewer ceased being a director on 23 January 2020.

The Directors' relevant interests in the Company's securities as at the date of this Prospectus and is set out below:

Securities

The securities in which the Directors and their associates have or are proposed to have relevant interests in at the date of this Prospectus are set out below.

| Director | Shares | Options | Performance Rights | Entitlement to New Listed Options under this Prospectus |
|----------------------------|-----------|---------|---|---|
| Mark Connelly ² | Nil | Nil | 500,000 Class A 500,000 Class B 500,000 Class C | Nil |
| Patric Glovac ³ | 1,359,445 | 679,723 | 500,000 Class A 500,000 Class B 500,000 Class C | 679,723 |
| Frank Knezovic | Nil | Nil | Nil | Nil |
| Jason Brewer | Nil | Nil | Nil | Nil |

Notes:

- 1 As at the date of this Prospectus, Patric Glovac intends to participate in the Offer to the extent of his full entitlement.
- 2 Includes indirect interest via Marcon Investments (WA) Pty Ltd (director, shareholder, beneficiary).
- 3 Includes indirect interest via Murdoch Capital Pty Ltd < The Glovac S/fund a/c> (director shareholder and beneficiary) and Kcirtap Securities Pty Ltd (director, shareholder and beneficiary).

The Constitution of the Company provides that the Non-Executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting.

Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

5.6 Related Party Transactions

There are no related party transactions entered into that have not otherwise been disclosed in this Prospectus.

5.7 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

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

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other 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 to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer.

Nova Legal has acted as the solicitors to the Company in relation to the Offer and associated due diligence process. The Company estimates it will pay Nova Legal \$8,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Nova Legal has been paid approximately \$125,242 (excluding GST) for legal services provided to the Company. Company Director Frank Knezovic is also a director of Nova Legal.

5.8 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Nova Legal has given and has not withdrawn its consent to be named as the solicitors to the Company in this Prospectus, in the form and context in which it is named. Nova Legal has not caused or authorised the issue of this Prospectus, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

Automic Pty Ltd (**Share Registry**) has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Entitlement and Acceptance Forms received pursuant to this Prospectus, and are paid for these services on standard industry terms and conditions. References to the Share Registry appear for information purposes only. The Share Registry has given and, as at the date hereof, has not withdrawn, its written consent to be named as Share Registry in the form and context in which it is named. The Share Registry has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registry

to the Company. The Share Registry has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

BDO Audit (WA) Pty Ltd (**Auditor**) has been appointed as the Company auditor. References to the Auditor appear for information purposes only. The Auditor has given and, as at the date hereof, has not withdrawn, its written consent to be named as the Auditor in the form and context in which it is named. The Auditor has had no involvement in the preparation of any part of the Prospectus other than being named as Auditor to the Company. The Auditor has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

5.9 Litigation

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

5.10 Estimated Expenses of Offer

In the event the Offer is are fully subscribed, the estimated, the total expenses of the Offer are estimated to be approximately \$17,435 (excluding GST) as follows:

| Expense | (\$) |
|--|---------------|
| ASIC fees | 3,206 |
| ASX fees | 1,922 |
| Legal expenses | 8,000 |
| Miscellaneous, printing and other expenses | 4,307 |
| Total | 17,435 |

5.11 Market Price of Shares

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

The highest and lowest closing prices of Shares on the ASX during the 3 months preceding the date of this Prospectus, and the closing price on the trading day before the date of this Prospectus, are set out below.

| | Price \$ | Date |
|---------|----------|---------------|
| Highest | 0.100 | 9 July 2020 |
| Lowest | 0.050 | 7 May 2020 |
| Last | 0.085 | 6 August 2020 |

5.12 Electronic Prospectus

Pursuant to ASIC Regulatory Guide 107, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic entitlement and acceptance form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic entitlement and acceptance form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please phone the Company on +61 08 6380 2470 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

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

6. Directors' Authorisation

This Prospectus is dated 7 August 2020 and is issued by TAO Commodities Ltd.

The Directors have made all reasonable enquires and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive.

This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to likely investors or their professional advisors.

Each of the Directors of TAO Commodities Ltd has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act and has not withdrawn that consent.

Signed for and on behalf of **TAO Commodities Ltd**



Patric Glovac
Executive Director

7. Glossary

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

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules means the listing rules of the ASX.

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

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

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

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

Company means Tao Commodities Ltd (ACN 618 935 372).

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

Corporations Act means the Corporations Act 2001 (Cth).

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

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

Entitlement and Acceptance Form means the personalised entitlement and application form accompany this Prospectus.

Mining Rights means the 100 United States unpatented lode mining claims which comprise the Project.

Offer means the non-renounceable offer, the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share, on the terms and conditions set out in Section 3.1 of this Prospectus.

Optionholder means a holder of an Option.

Project or **Milford Project** means the 'Milford Zinc-Gold Project' located in Southern Utah, USA.

Prospectus means this prospectus.

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

Section means a section of this Prospectus.

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

Shareholder means a holder of a Share.

Shortfall Offer has the meaning specified in Section 2.7 of this Prospectus.

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