

# Prospectus

**GBM Gold Limited**

**ACN 119 956 624**

For a non-renounceable pro rata offer to Eligible Shareholders of approximately 1,120 million New Shares at an issue price of \$0.006 per New Share on the basis of 1 New Share for every Existing Share held to raise up to approximately \$6.7 million before issue costs.

Shareholders can, in addition to their Entitlement, apply for Shortfall Shares.

ASX Code: GBM

The Offer is fully underwritten by the Underwriting Directors and Metropolis Enterprises Group Limited.



**Corporate Advisor**

This Prospectus provides important information about the Company. You should read the entire document including the Entitlement and Acceptance Form. If you have any questions about the New Shares being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser. An investment in the New Shares offered under this Prospectus is highly speculative.

This Prospectus is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This Prospectus is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

### **Important Notice**

This Prospectus is dated 14 August 2019 and was lodged with ASIC on that date. Application will be made to ASX for quotation of the New Shares offered under this Prospectus within 7 days of this date.

Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

### **Nature of this Prospectus**

The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a “transaction specific prospectus” to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the 3 months prior to the date of the prospectus. In general terms ‘transaction specific prospectuses’ are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus contains information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offer.

### **Prospectus availability**

Eligible Shareholders can obtain a copy of this Prospectus during the Offer period on the Company’s website at [www.gbmgold.com.au](http://www.gbmgold.com.au) or by contacting the Company. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic copy of this Prospectus available from the Company’s website will not include a personalised Entitlement and Acceptance Form. Eligible Shareholders will only be able to accept the Offer by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus or by making payment using BPAY® (refer to section 7.5 of this Prospectus for further information).

### **Foreign jurisdictions**

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are residents in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it should not be lawful to make such an offer.

### **Disclaimer of representations**

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

### **Forward looking statements**

This Prospectus contains forward looking statements that, despite being based on the Company’s current expectations about future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors. These known and unknown risks, uncertainties and assumptions, could cause actual results, performance or achievements to materially differ from future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus. These risks, uncertainties and assumptions include, but are not limited to, the risks outlined in section 6 of this Prospectus. Forward-looking statements include those containing such words as ‘anticipate’, ‘estimate’, ‘believe’, ‘should’, ‘will’, ‘may’ and similar expressions.

### **Privacy**

Please read the privacy information located in section 8.18 of this Prospectus. By submitting an Entitlement and Acceptance Form, you consent to the matters outlined in that section.

### **Definitions**

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

### **Enquiries**

If you have any questions please call the Company Secretary on +61 418 401 049 at any time between 8.00am and 5.00pm (AEST) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional adviser.

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## Corporate Directory

### Directors

Eric JP Ng	Non-Executive Chairman
Paul Chan	Non-Executive Director
Andy Lai	Non-Executive Director
Linda Lau	Non-Executive Director
Jianping Wang	Non-Executive Director

### Chief Executive Officer

John Harrison

### Company Secretary

Andrew Chan

### Website

[www.gbmgold.com.au](http://www.gbmgold.com.au)

### Registered Office

66 Ham Street  
Kangaroo Flat  
Bendigo, Victoria 3555  
Tel: +61 3 5445 2300  
Email: [admin@gbmgold.com.au](mailto:admin@gbmgold.com.au)

### Share Registry\*

Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne Vic 3001  
[www.computershare.com.au](http://www.computershare.com.au)

### Auditor\*

ShineWing Australia

### Corporate Advisor

Sanston Securities Australia Pty Ltd

\*This party is named for informational purposes only and was not involved in the preparation of this Prospectus.

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## 1 TIMETABLE TO THE OFFER

Notice to Security Holders containing information required by Appendix 3B	15 August 2019
Ex date - Shares trade ex Entitlement ( <b>Ex Date</b> )	16 August 2019
Record date to determine Entitlement ( <b>Record Date</b> )	19 August 2019
Prospectus with Entitlement and Acceptance Form dispatched	22 August 2019
Offer opens for receipt of Applications	
Closing date for acceptances	2 September 2019
Notify ASX of under-subscriptions	5 September 2019
Issue of New Shares	9 September 2019
Deferred settlement trading ends	
Dispatch of shareholding statements	10 September 2019
Normal trading of New Shares expected to commence	

**Note:** The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date, subject to such date being no later than 3 months after the date of this Prospectus. As such the date the New Shares are expected to commence trading on ASX may vary.

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## 2 KEY OFFER TERMS AND CAPITAL STRUCTURE

Shares currently on issue	1,118,319,556
New Shares offered under this Prospectus	1,118,319,556
Amount to be raised under this Prospectus (before costs)	\$6,709,917

This assumes no further Shares are issued prior to the Record Date.

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### 3 CHAIRMAN'S LETTER

Dear Shareholder,

On 15 May 2019 the Company lodged a prospectus to raise approximately \$6.7 million in a rights issue (**May Rights Issue**) fully underwritten by Nex Kiwi Group Holdings Limited (**Nex Kiwi**). Approximately \$1 million was received in applications for entitlement and shortfall shares under the May Rights Issue. Giant Master Limited (**GML**) (an associate of Ms Wang) also paid Unity Mining \$800,000, and in doing so became a creditor of GBM with the debt repayable following the May Rights Issue.

On 30 July 2019 the Company announced that Nex Kiwi had informed the Company that it had decided to terminate its underwriting agreement, and that GBM had entered into a new underwriting agreement with Metropolis Enterprises Group Limited (**MEG**). Under that agreement, MEG had agreed to underwrite the May Rights Issue in consideration for an underwriting fee of 5%.

ASX subsequently advised that it would not extend the closing date for the May Rights Issue and ASIC informed GBM that it required GBM to offer applicants under the May Rights Issue an opportunity to withdraw their applications. As withdrawal rights could not be offered without extending the closing date, GBM's board resolved to withdraw the May Rights Issue, return applications received and re-make a one for one rights issue at an issue price of \$0.006 per New Share to raise approximately \$6.7 million (**Offer**), on the same terms as the May Rights Issue.

To facilitate the Offer, the Company has appointed Sanston Securities as corporate advisor to place Shortfall Shares on a best endeavours basis, MEG has agreed to underwrite the Offer (excluding Shares underwritten by the Underwriting Directors), and Unity Mining has agreed to defer repayment of its debt until the Offer is completed.

To comply with applicable laws, the Offer is only made to Shareholders with a registered address in Australia or New Zealand. However, Shareholders with a registered address in other countries who may wish to subscribe for Shortfall Shares are invited to contact Kit Foo Chye of Sanston Securities ([kitfoo.chye@sanston.com.au](mailto:kitfoo.chye@sanston.com.au) or +61 437 779 092) to discuss.

The Offer and repayment of Unity Mining and GML's debts will provide the Company with sufficient working capital which, together with appointing two new Australian resident Directors, allow the Company's Shares to be reinstated to trading on ASX. Without raising funds to repay Unity Mining's debt, the Company will be insolvent.

Directors Jianping Wang and I, or entities we control, (**Underwriting Directors**) have committed to fully participating in the Offer by underwriting Shortfall Shares equal to our notional entitlements (had we had Australian addresses on the Company's register).

Metropolis is an entity controlled by Vincent Choi. The possible control scenarios, reasons behind the choice of Metropolis and Metropolis' intentions are set out in section 5.5.

This Prospectus and personalised Entitlement and Acceptance Form should be read carefully and in their entirety before deciding whether to participate in this Offer. In particular Eligible Shareholders should consider the key risk factors outlined in section 6 of this Prospectus, including concentration of control, future funding and ability to continue as a going concern, and renewal of mining licences MIN5344 & MIN5364 and increased rehabilitation bonds.

On behalf of your Board, I invite you to consider this investment opportunity and thank you for your ongoing support for the Company.

Yours faithfully,

Eric JP Ng  
Non-Executive Chairman  
GBM Gold Limited

## 4 INVESTMENT OVERVIEW AND KEY RISKS

This information is a selective overview only. Prospective investors should read the Prospectus in full before deciding to invest in New Shares.

Question	Response	Where to find more information														
What is the Offer?	<p>1 New Share for every Existing Share held on the Record Date at an issue price of \$0.006 per New Share.</p> <p>The fully underwritten Offer seeks to issue approximately 1,120 million New Shares to raise approximately \$6.7 million (before costs).</p>	Section 8														
Am I an Eligible Shareholder?	<p>The Offer is made to Eligible Shareholders, being Shareholders who:</p> <p>(a) are the registered holder of Shares as at 5.00pm (AEST) on the Record Date; and</p> <p>(b) have a registered address in Australia or New Zealand.</p>	Section 8.6														
Can Ineligible Shareholders participate?	<p>Given the small number of Ineligible Shareholders and the cost of complying with applicable regulations outside Australia and New Zealand, the Company has decided that it would be unreasonable to extend the Offer to Ineligible Shareholders.</p> <p>However, Shareholders who are not eligible to participate in the Offer are invited to contact Kit Foo Chye of Sanston Securities (<a href="mailto:kitfoo.chye@sanston.com.au">kitfoo.chye@sanston.com.au</a> or +61 437 779 092) if they wish to subscribe for New Shares.</p>	Section 8.11														
How will the proceeds of the Offer be used?	<table><tr><th>Use of funds</th><th>Underwritten Amount (\$'000)</th></tr><tr><td>Payment to Unity Mining (Deferred Environmental Bonds)</td><td>2,655</td></tr><tr><td>Repayment of GML and SBID Loan</td><td>1,550</td></tr><tr><td>Harvest Home Open Pit Mine - mine 44,000 tonnes of ore</td><td>400</td></tr><tr><td>Nell Gwynne Dome Bendigo (re-opening of the Swan decline)</td><td>600</td></tr><tr><td>Working capital</td><td>1,120</td></tr><tr><td>Costs of the Offer</td><td>375</td></tr></table>	Use of funds	Underwritten Amount (\$'000)	Payment to Unity Mining (Deferred Environmental Bonds)	2,655	Repayment of GML and SBID Loan	1,550	Harvest Home Open Pit Mine - mine 44,000 tonnes of ore	400	Nell Gwynne Dome Bendigo (re-opening of the Swan decline)	600	Working capital	1,120	Costs of the Offer	375	Section 5.2
Use of funds	Underwritten Amount (\$'000)															
Payment to Unity Mining (Deferred Environmental Bonds)	2,655															
Repayment of GML and SBID Loan	1,550															
Harvest Home Open Pit Mine - mine 44,000 tonnes of ore	400															
Nell Gwynne Dome Bendigo (re-opening of the Swan decline)	600															
Working capital	1,120															
Costs of the Offer	375															

Question	Response	Where to find more information
	<p><b>Total</b> 6,700</p> <p>The above is a statement of intention only and may change.</p>	
What are the key risks of a subscription under the Offer?	<p>An investment in the Company has risks that you should consider before making a decision to invest. These risks include:</p> <p>(a) Control - Whilst the Directors have adopted dispersion strategies which they believe will minimise concentration of control, there is a risk that MEG could acquire a voting power of up to approximately 41% in the unlikely event no Eligible Shareholder takes up their Entitlement and no Shortfall Shares are placed elsewhere (other than Underwriting Directors).</p> <p>(b) Future funding and ability to continue as a going concern - Whilst the Company believes that the Underwritten Amount will be sufficient to repay Unity Mining and carry out proposed exploration and development activities, additional funding may be required.</p> <p>(c) Renewal of mining licences MIN5344 &amp; MIN5364 and increased rehabilitation bonds - The Company has applied for renewal of tenements material to its operations. There is a risk that the renewal may be delayed or not granted at all.</p> <p>Please carefully consider these risks and the information contained in other sections of this Prospectus before deciding whether or not to apply for New Shares.</p>	Section 6
Is the Offer underwritten, and who is the Underwriter?	<p>Directors Eric Ng and Jianping Wang and entities they control have each agreed to underwrite the Offer for an amount equal to the Entitlement that would have been available to them had they had a registered address in Australia.</p> <p>The balance of the Offer (916,671,056 New Shares) is underwritten by Metropolis Enterprises Group Limited, an entity incorporated in British Virgin Islands.</p> <p>Metropolis is an entity wholly owned by Vincent Choi. To limit Metropolis' voting power, it has agreed to use reasonable endeavours to procure applications for Shortfall</p>	Section 5.5 and 10.2

Question	Response	Where to find more information
	Shares from un-associated persons (although this is not a condition of the underwriting).	
Is the Offer subject to any conditions?	The Offer is conditional upon ASX agreeing to reinstate the Company's Shares to trading, subject to conditions that the Company's Directors, acting reasonably, determine can be satisfied. If this condition cannot be satisfied, the Company will return all application moneys received (without interest).	Section 8.2
What will be the effect of the Offer on control of the Company?	<p>The effect of the Offer on control of the Company will vary with the level of Entitlements taken up by Eligible Shareholders and the number of Shortfall Shares placed in the Shortfall Offer by Sanston Securities with others.</p> <p>Metropolis has underwritten the Offer and will acquire up to 916,671,056 New Shares which constitute a total of 40.98% of the Company's issued Shares on a post Offer basis, assuming no Shareholders (other than the Underwriting Directors) take up their Entitlement. See section 5.5 for information on Metropolis' intentions.</p>	Section 5.5
How do I apply for New Shares and Shortfall Shares under the Offer?	Applications for New Shares and Shortfall Shares can be made by Eligible Shareholders completing the relevant sections of the personalised Entitlement and Acceptance Form and sending it to the Share Registry together with payment by cheque or BPAY in the amount of Entitlement and Shortfall Shares applied for.	Section 7.2
Can I sell my Entitlements under the Offer?	The Company's Shares are currently suspended from trading on ASX, and the Offer is non-renounceable. As a result, Entitlements cannot be sold or otherwise transferred.	Section 8.1
How will the Shortfall Shares be allocated?	<p>The Company has appointed Sanston Securities Australia Pty Ltd as corporate advisor to the Offer. The Directors, in conjunction with Sanston, will place Shortfall Shares:</p> <p>(a) Firstly, Eligible Shareholders applying for Shortfall Shares;</p> <p>(b) secondly, to Ineligible Shareholders (including Underwriting Directors) who apply for Shortfall Securities through Sanston Securities and satisfy the Company that Shortfall Shares can be issued to</p>	Section 8.7



Question	Response	Where to find more information
	<p>them without undue regulatory costs, up to the number of Shares they hold on the Record Date;</p> <p>(c) thirdly, to existing Shareholders who apply and satisfy the Company that Shortfall Shares can be issued to them without undue regulatory costs, for remaining Shortfall Shares;</p> <p>(d) fourthly, to new investors introduced by Sanston; and</p> <p>(e) finally, to Metropolis.</p> <p>In allocating Shortfall Shares Sanston Securities and the Directors will endeavour to ensure that there is an appropriate spread of Shareholders that will promote liquidity in the Company's Shares.</p>	
How can I obtain further advice?	Contact the Company Secretary on +61 418 401 049 at any time between 8.00am and 5.00pm (AEST) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional adviser.	Section 8.19

## 5 PURPOSE AND EFFECT OF THE OFFER

### 5.1 Introduction

On 7 August 2019 the Company announced that it would re-make an offer under which the Company would raise up to approximately \$6.7 million through a fully underwritten non-renounceable entitlement offer of 1 New Share for every Existing Share held on the Record Date at an issue price of \$0.006 per New Share.

Shareholders may, in addition to their Entitlement apply for additional New Shares under the Shortfall Offer. The Company has appointed Sanston Securities to place Shortfall Shares prior to any Shares being issued to Metropolis.

Directors Eric Ng and Jianping Wang (through SBID) and entities they control have each agreed to underwrite the Offer for an amount equal to the Entitlement that would have been available to them had they had a registered address in Australia.

The balance of the Offer (916,671,056 New Shares) is underwritten by Metropolis. See section 5.5 for the effect on control and information on Metropolis, and section 8.5 for the underwriting terms.

### 5.2 Purpose of the Offer

The Directors intend to apply the proceeds from the Offer as follows:

Use of funds	Underwritten Amount (\$'000) (approx.)
Payment to Unity Mining (Deferred Environmental Bonds)	2,655
Repayment of SBID and GML Loans	1,550
Harvest Home Open Pit Mine - mine 44,000 tonnes of ore	400
Nell Gwynne Dome Bendigo (re-opening of the Swan decline)	600
General working capital	1,120
Costs of the Offer	375
<b>Total use of funds</b>	<b>6,700</b>

#### Notes:

- 1 This table is a statement of the proposed application of the funds raised as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the Company's decisions. The Company reserves the right to vary the way funds are applied.
- 2 General working capital includes but is not limited to corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs.
- 3 See section 10.5 for further details relating to the estimated expenses of the Offer.

### 5.3 Statement of financial position

Set out in section 13 is the unaudited management accounts of the Company and the Pro-Forma Statement of Financial Position, as at 30 June 2019 and on the basis of the following assumptions:

- (a) the Offer was effective on 30 June 2019;
- (b) no further Shares are issued other than all Shares offered under this Prospectus;
- (c) the debts (inclusive of interest) of approximately \$2,655,000 owed to Unity Mining and \$1,550,000 owed to SBID and GML under the SBID Loan and the GML Loan are repaid in full; and
- (d) costs of the Offer are \$375,000.

The pro-forma Statement of Financial Position has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company set out in section 13. The pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

### 5.4 Effect of the Offer on the Company's securities

Assuming that no further Shares are issued prior to the Record Date, at the close of the Offer, the capital structure of the Company will be:

Shares	Underwritten Amount	
	Number	%
Existing Shares	1,118,319,556	50
New Shares offered under this Prospectus	1,118,319,556	50
<b>Total Shares</b>	<b>2,236,639,112</b>	<b>100</b>

The Company does not have any options on issue.

### 5.5 Effect on control and Underwriter's intentions

There will be no effect on control of the Company if all Shareholders take up their Entitlement.

The Underwriting Directors have agreed to underwrite the Offer for an amount equal to the Entitlement that would have been available to them had they had a registered address in Australia (approximately \$1.2 million), and their respective percentage holdings will not change.

As detailed in section 8.5 of this Prospectus, MEG has agreed to underwrite up to 916,671,056 New Shares under the Offer. MEG's relevant interests in the Company following the Offer will depend upon the number of New Shares taken up by Eligible Shareholders and the number of Shortfall Shares placed to others.

*Possible control scenarios*

Assuming no further Shares are issued prior to the Record Date, the possible number of Shares the Underwriter will have a relevant interest in and its respective voting power under various scenarios will be as follows:

Shortfall Shares issued to Metropolis as a % of New Shares offered	Number of Shortfall Shares issued to Metropolis	Metropolis's voting power %
10	111,831,956	5.00
25	279,579,889	12.50
50	559,159,778	25.00
81.97 <sup>1</sup>	916,671,056	40.98

<sup>1</sup> This is the maximum percentage of the New Shares that can be issued to Metropolis.

#### *Reasons behind the choice of Metropolis*

On 10 May 2019 the Company announced the May Rights Issue. On 30 July 2019 the Company announced that Nex Kiwi had decided to terminate its underwriting agreement and that GBM had entered into a new underwriting agreement with MEG. In choosing Metropolis, the Board noted the following:

- (a) The Board had previously considered certain proposals to recapitalise the Company, however they were not structured in a manner to minimise Shortfall Shares being placed with new investors; which the Board considered was achieved through appointing Sanston Securities to place Shortfall Shares on a best endeavours basis. Metropolis was prepared to keep this arrangement and an allocation process that will see Shortfall Shares placed firstly to existing Shareholders (both Eligible Shareholders who apply for Shortfall Shares, Underwriting Directors and Ineligible Shareholders who apply and also satisfy the Company that Shortfall Shares can be issued to them without undue regulatory costs), then to new investors identified by Sanston, and finally to Metropolis.
- (b) The Offer will raise sufficient funds to allow the Company to repay all amounts owed to Unity Mining and GML, provide funds to advance the Company's projects and for general working capital.
- (c) Metropolis agreed to fully underwrite the Offer, whilst at the same time supporting the appointment of Sanston Securities and an allocation process
- (d) Metropolis has a network of investors and experience to develop and implement a corporate plan to develop the secondary market for the Company's Shares.
- (e) Metropolis can introduce further investors that may support the Company's making additional investments in Australian gold mines.
- (f) Metropolis will be paid a 5% fee for underwriting the New Shares not underwritten by the Underwriting Directors; a fee which is less than that offered by others seeking to recapitalize the Company.

### *Metropolis's intentions*

As set out above, Metropolis's interest in the Company will depend on the extent to which Eligible Shareholders apply for their Entitlement and Shortfall Shares, and the number of Shortfall Shares placed by Sanston Securities.

Metropolis and Mr Choi have informed the Company that they have no current intentions to:

- (a) change the business of the Company;
- (b) inject future capital into the Company;
- (c) change the future employment of present employees of the Company;
- (d) implement any proposal where assets will be transferred between the Company and Metropolis or its associates;
- (e) otherwise redeploy the fixed assets of the Company; or
- (f) change the financial or dividend distribution policies of the Company.

## **5.6 Dilution**

Shareholders who do not participate in the Offer will have their holdings diluted. Following is a table which sets out the dilutionary effect, assuming the full amount is raised and no further Shares are issued:

Holder	Holding at Record Date		Entitlement	Holding following the Offer if no Entitlement taken up	
	Number	%		Number	%
1	11,183,196	1.00	11,183,196	11,183,196	0.50
2	27,957,989	2.50	27,957,989	27,957,989	1.25
3	55,915,978	5.00	55,915,978	55,915,978	2.50
4	111,831,956	10.00	111,831,956	111,831,956	5.00

## **5.7 Contracts material to the Offer**

The Company has mandated Sanston Securities to act as corporate advisor for the Offer, subject to the following terms:

- (a) Sanston Securities will act as corporate advisor to the Offer and use best endeavours to place Shortfall Shares.
- (b) The Company will pay Sanston Securities \$30,000 (plus GST) upon successful completion of the Offer and a placement fee of 5% (plus GST) on Shortfall Shares placed by Sanston Securities.
- (c) The mandate includes warranties and indemnities typical for a corporate advisory mandate.

See section 8.5 and 10.2 for details of the underwriting agreements for the Offer.

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## 6 RISK FACTORS

The New 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 and together with information contained elsewhere in this Prospectus and to consult with your professional advisers before deciding whether to apply for the New Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are 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 New Shares.

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

### 6.1 Risk specific to the Offer

#### (a) Dilution

Shareholders who do not take up their Entitlement will have their holding in the Company diluted. Details of dilution are set out in section 5.6 above.

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

The historical trading price of the Company shares on ASX prior to this Prospectus being lodged is not a reliable indicator as to the potential trading price of New Shares after completion of the Offer.

#### (b) Control

Metropolis has agreed to fully underwrite the Offer to the extent that it is not underwritten by the Underwriting Directors. The level of control it may acquire under the Offer depends upon the extent to which Eligible Shareholders take up their Entitlement and subscribe for Shortfall Shares, and Sanston Securities is able to place Shortfall Shares. There is a risk that Metropolis may have a maximum voting power of approximately 41% in the Company if no Entitlement is taken up and Shortfall Shares are not placed with others (excluding Shares issued to Underwriting Directors).

#### (c) Future funding and ability to continue as a going concern

Funds raised from the Offer will be used for the purposes mentioned under section 5.2 of this Prospectus. Whilst the Company believes that the Underwritten Amount will be sufficient to repay Unity Mining and carry out revenue generating activities, additional funding may be required for proposed exploration and development activities. Raising additional capital may be dilutive to existing Shareholders.

### 6.2 Company and industry specific risks

#### (a) Renewal of mining licences MIN5344, MIN4878 & MIN5364 and increased rehabilitation bonds

The Company's mining and related activities are dependent upon the maintenance and renewal of its mining licences. All of the mining licences held by the Company (through its wholly-owned subsidiary, Kralcopic) are subject to application for renewal from time to time. Renewals are subject to the discretion of the Minister who takes into account various factors, including having regard to the matters set out in sub-section 15(6) of the Mineral Resources (Sustainable Development) Act 1990 (Vic) ("MRSDA"). That section requires an applicant for the renewal of a licence to satisfy the Minister as to various matters, including that the applicant is likely to be able to finance the proposed work and rehabilitation of the land. Each of MIN5344, MIN4878 and MIN5364 is currently subject to an application for renewal by Kralcopic.

In relation to the renewal of each of MIN5344 and MIN5364, Kralcopic has received Notices of Intention to Refuse to Renew from the Department, both dated 13 December 2018 ("Notices"), on the basis of the Minister's view that Kralcopic may no longer comply with sub-section 15(6)(d) of MRSDA (which requires the applicant to satisfy the Minister that it is likely to be able to finance the proposed work and rehabilitation of the land). The Notices also state that the Minister may refuse to renew the relevant mining licence unless Kralcopic is able to satisfy the Minister that it meets the requirements under sub-section 15(6)(d) of MRSDA (No Notice of Intention to Refuse to Renew has been received by Kralcopic in respect of MIN4878).

Kralcopic was invited to confirm that it, or its parent company GBM, was able to fund the future operations and rehabilitation of the land the subject of the licence areas and to provide any further financial information to evidence that it (or GBM) was able to satisfy sub-section 15(6)(d) of MRSDA.

In response to the Notices, on 10 January 2019 the Company provided the Minister with further information in support of the applications to renew MIN5344 and MIN5364. In addition, and in relation to MIN5344, Kralcopic had advised the Department of the Company's capital raising activities (through the May Offer) and had sought the Department's confirmation that the Company's proposed capital raising will, in conjunction with the information set out in the Company's letter to the Department dated 10 January 2019, result in MIN5344 being renewed. In response, the Department on 13 May 2019 formally advised Kralcopic that the financial information provided by it and GBM, together with publicly available information regarding GBM (such as annual reports and ASX announcements), would be independently assessed by a financial accounting firm, to consider whether Kralcopic and GBM are likely to be able to finance the proposed works and rehabilitation of the relevant land, in accordance with sub-section 15(6)(d) of MRSDA. As part of that assessment, the independent consultant will be instructed to have regard to the proposed works set out in the licence conditions for MINs 5344, 5364 and 4878, as well as the rehabilitation required for the relevant land. Kralcopic provided further information that will inform the assessment at a meeting with the Department on 18 June 2019 and by way of written submissions made by the Company on 17 May, 25 and 28 June, 11, 15, 24 and 29 July 2019. The Department has advised that, after considering the financial information provided and its independent assessment, the Department will formally advise Kralcopic either to confirm the applications are granted, or refused.

Notwithstanding the Department's response, no assurance can be given that such renewals will be granted, and there is no assurance that new conditions will not be imposed by the Minister. In the event that MIN5344 or MIN5364 (or both) are not renewed, then Kralcopic will carefully consider its options to challenge legally the Minister's decision, including by way of Court application.

Ultimately, if MIN5344 is not renewed for any reason, the Company could suffer material damage through the loss of the opportunity to mine and commercially extract gold from that licence. If MIN5364 is not renewed for any reason, it is unlikely that the Company will suffer material damage, as the Company has announced its intention to develop a 60MW solar farm on the Woodvale site. The licence applies to a mine groundwater evaporation ponds system at Woodvale, which is a redundant groundwater disposal site with established infrastructure that evaporated groundwater produced from dewatering mining operations in Bendigo.

The mining licences held by the Company (through Kralcopic) also have been granted subject to various conditions (such as, work commitments and rehabilitation) the satisfaction of which is substantially dependent on the Company having sufficient funding to meet those conditions. Failure to comply with, for example, those conditions, may ultimately expose one or more of the licences to cancellation which, in turn, could adversely affect the Company's business, operations and financial position and performance.

Further, in relation to MIN5364, on 3 May 2019 the Department provided Kralcopic with a notice under sub-section 80(4) of MRSDA ("Section 80 Notice"). The Section 80 Notice relates to MIN5364, and requires Kralcopic, within 28 days from 3 May 2019, to increase the amount of the rehabilitation bond applicable to MIN5364 by \$572,665 (to a proposed bond of \$2,386,665), on the basis that the Minister is of the opinion that the amount of the bond already entered into is insufficient. Kralcopic considers that both the request and the increase in the bond sought are not properly justifiable, and has challenged legally the Section 80 Notice. If, however, Kralcopic were to be unsuccessful in challenging the Section 80 Notice, and if it did not pay the increased bond, then Kralcopic would likely be in breach of MRSDA and be liable to a pecuniary penalty, and the Minister by notice could prohibit any work on MIN5364 until the further bond is entered into. Ultimately, that licence could also be subject to cancellation by the Minister on the basis of non-compliance with MRSDA. However, it should be noted that no mining activity takes place on MIN5364, as the licence relates to a redundant groundwater disposal site with established infrastructure that evaporated groundwater produced from dewatering mining operations in Bendigo.

The exploration tenements held by the Company (through Kralcopic) are granted subject to various conditions including, but not limited to, expenditure conditions. Failure to comply with these conditions may expose the licences to forfeiture. All of the licences in which the Company has an interest will be subject to application for renewal from time to time. Renewals are subject to the discretion of the Minister and may include additional or varied work and expenditure commitments and, compulsory relinquishment of areas presently comprising the Company's tenements. The imposition of new conditions or the inability to meet those conditions may adversely affect the Company's business and its financial performance and condition. If a licence is not renewed for any reason, the Company may suffer material damage



through loss of the opportunity to develop and discover any mineral resources on that licence.

(b) Resource Estimates

Mineral Resource estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Ore estimation is an interpretive process based on available data and interpretations and thus estimations may prove to be inaccurate.

The actual quality and characteristics of ore deposits cannot be known until mining takes place, and will almost always differ from the assumptions used to develop resources. Further, values of ore deposits are based on future costs and future prices and consequently, the actual Mineral Resources may differ from those estimated, which may result in either a positive or negative effect on operations.

(c) Geotechnical Risks

Geotechnical risks arise from the movement of the ground during and following mining activity. Risks may relate to failures in development headings, failures in the old workings that may impact on ventilation, egress from the mine or development and mining operations, stope failures and slippages, to changes to flows in water courses and surface water bodies or they may relate to movements of structures and infrastructure adjacent to or within the mine.

This may result in temporary or permanent access to ore being cut off. The loss of access to ore may have a significant impact on the economics of the ore body. Additionally, significant additional costs may result from designing and constructing alternative access drives which will also impact the economics of the mining operation, potentially making the mine uneconomic.

Prior assessment of the extent and magnitude of ground movements that could take place and to examine the potential impact of any ground movements within the mine and surrounding area should be evaluated within the mine and surrounding area. If risks are identified appropriate action must be taken and adequate controls implemented to ensure risk levels are maintained at a level which is reasonably practical.

(d) Exploration risk

The exploration costs of the Company 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.

(e) Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in

exploration and mining, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, access arrangements, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, problems with the road network and ore haulage operations, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, and plant and equipment and contracting risk from third parties providing services essential to the production.

Specifically, in relation to production:

- (i) the Company's operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions and other accidents;
- (ii) assumptions in the mining models may prove to be wrong including because of changes in economic circumstances or fluctuations in the unitary parameters referred to above,

accordingly, for these and other reasons, no assurances can be given that the Company will achieve commercial viability through the development and/or mining of its projects. Until the Company is able to realise value from its projects, it is likely to incur on-going operating losses.

(f) Environmental Risks

The Company's exploration programs and any mining operations will, in general, be subject to approval by governmental authorities. Development of any of the Company's properties will be dependent on the project meeting environmental guidelines and, where required, being approved by governmental authorities. As with most mineral exploration and development projects, the Company's activities are expected to have an impact on the surrounding environment, particularly if advanced exploration or mine development proceeds.

It is the Company's intention to conduct its activities to the highest standard of environmental obligations required, including compliance with the relevant environmental laws.

(g) Aboriginal Sites and Native Title Claims

The Company's tenements are subject to the provisions of the Commonwealth Heritage Act. The Commonwealth Heritage Act contains provisions designed to preserve and protect from injury or desecration areas and objects which are of particular significance to Aboriginal people in accordance with Aboriginal tradition. An area or object is found to be desecrated if it is used or treated in a manner inconsistent with aboriginal tradition.

The Company's tenements are also subject to the Victorian Heritage Act which makes it an offence to commit an act which harms Aboriginal culture or heritage. There is a requirement for an Aboriginal site to be registered under the Victorian Heritage

Act, by following which consent from the DPCD is required where any use of the land is likely to result in harm to Aboriginal culture or heritage.

The Company must ensure that any interference with such sites is in strict conformity with the provisions of the Commonwealth Heritage Act and the Victorian Heritage Act.

The Company's tenements do not overlap any registered Aboriginal Heritage Sites, however, search results from the DPCD indicate that the tenements are overlapped by an area of cultural sensitivity. There remains a risk that the Company's tenements may contain areas or objects which are of significance to Aboriginal people and the discovery of such an area or object may disrupt the Company's plans for mining its tenements.

(h) Regulatory Risk

The Company's potential mining operations and exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the tenements.

(i) Grade Risk

The final grade and recovery of the Company's ore is determined by metallurgical samples and assay results performed by an independent laboratory on representative samples of the ore, loaded carbon and tailings in the mill. The grade and recovery through the mill is determined from those assays however the mine claimed grade may vary from the final recovered grade received from laboratory results. This risk would persist irrespective of whether the Company processed ore through its own mill or batch treating ore at a third party processing facility.

(j) Pro-Forma Statement of Financial Position

The Pro-Forma Statement of Financial Position has been prepared from the Company's management accounts as at 30 June 2019. Whilst reasonable care has been taken in preparing the statement and the Company believes that the statement is not misleading, there is a risk that the management accounts may not present a true and fair view of the Company's financial position as at 30 June 2019.

(k) Future capital needs and additional funding

The Company recorded an approximate net loss of \$1,450,000 and approximate net outflow from operating activities of \$1,000,000 for the year ending 30 June 2019. As at 30 June 2019, it had approximately \$19,000 cash on hand.

The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including the support of existing Shareholders, exploration and operating results, the prevailing price for gold and market conditions more generally.

If the Company is required, or chooses, to advance the Company's projects beyond the completion of those stated objectives, the Company will require additional funding to progress its projects beyond the work programs announced to ASX. There is no assurance that the Company will be able to access this funding on favourable terms or at all. If adequate funds are not available on acceptable terms the Company may not be able to further develop its projects and it may impact on the Company's ability to continue as a going concern.

(l) Volatility of gold prices

The mining industry is competitive and there is no assurance that, even if significant quantities of a mineral resource are discovered or extracted, a profitable market will exist for the sale of this mineral. In particular, there can be no assurance that gold prices will be such that the Company is able to develop its projects or that it can be operated at a profit. There are various gold price risks including worldwide supply, competitors' activities and worldwide and local market conditions.

(m) Reliance on key personnel

Mr John Harrison is currently responsible for overseeing the day-to-day development and prospective production operations. The Company believes that Mr Harrison has the requisite knowledge and experience to advance the Company's projects to production. The Company depends substantially on Mr Harrison, in addition to its senior management. There can be no assurance given that there will be no detrimental impact on the Company if Mr Harrison, or senior management of the Company, cease their engagement or employment by, or provision of services to, the Company.

(n) Litigation risk

Kralcopic is currently engaged in legal proceedings, having brought an application in the Supreme Court of Victoria seeking, inter alia, an order setting aside the Section 80 Notice (relating to the Department's request for an increase in the rehabilitation bonds at Woodvale). There is a risk that Kralcopic may not be successful in its application and be exposed to adverse costs orders.

Whilst the Directors are not aware of any other legal proceedings pending or threatened against the Company and Kralcopic, both the Company and Kralcopic are exposed to the risk of legal proceedings, and investors are referred to section 6.2(a) "Renewal of mining licences MIN5344 & MIN5364". In that regard, Kralcopic will carefully consider its options to challenge legally any decision by the Minister not to renew MIN 5344 and/or MIN5364. Legal proceedings commenced by the Company and/or Kralcopic, would likely incur substantial costs, and there can be no assurance

as to an outcome favourable to the Company or Kralcopic due to the uncertain nature of litigation.

More generally, the Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee and ex-employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute, if proven, may impact adversely on the Company's operations, financial performance and financial position.

### **6.3 General risks**

#### **(a) General market and share price**

There are general risks associated with investments in equity capital such as the Company's Shares. The trading price of the Company's Shares may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the Issue Price.

Generally applicable factors which may affect the market price of shares include:

- (i) general movements in Australian and international stock markets;
- (ii) investor sentiment;
- (iii) Australian and international economic conditions and outlook;
- (iv) commodity prices;
- (v) changes in interest rates and the rate of inflation;
- (vi) changes in government legislation and policies, including taxation laws and foreign investment legislation;
- (vii) announcement of new technologies; and
- (viii) geo-political instability, including international hostilities and acts of terrorism.

Further, the effect of these conditions on the Company's ability to refinance its debt obligations, and the terms on which any such refinancing can be obtained, is uncertain. If these conditions result in the Company being unable to refinance its debt obligations, or to do so on reasonable terms, this may have an adverse impact on its financial position, financial performance and/or share price. The operational and financial performance and position of the Company's share price may be adversely affected by a worsening of international economic and market conditions and related factors. It is also possible that new risks might emerge as a result of global markets experiencing extreme stress, or existing risks may manifest themselves in ways that are not currently foreseeable.

#### **(b) Dividends**

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

(c) Taxation

The acquisition and disposal of New Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All Eligible Shareholders are urged to obtain independent financial advice about the consequences of acquiring New Shares from a taxation viewpoint and generally. To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for New Shares under this Prospectus.

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## **7 ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS**

### **7.1 What you may do**

As an Eligible Shareholder, you may:

- (a) subscribe for all or part of your Entitlement (see section 7.2);
- (b) subscribe for all of your Entitlement and apply for Shortfall Securities (see section 7.3);
- (c) allow all or part of your Entitlement to lapse (see section 7.4).

### **7.2 Subscribe for all or part of your Entitlement**

Applicants should read this Prospectus in its entirety in order to make an informed decision on the prospects of the Company and the rights attaching to the New Shares offered by this Prospectus before deciding to apply for New Shares. If you do not understand this Prospectus you should consult your stockbroker, accountant or other professional adviser in order to satisfy yourself as to the contents of this Prospectus.

If you wish to subscribe for all or part of your Entitlement, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. The Entitlement and Acceptance Form sets out the number of New Shares you are entitled to subscribe for.

### **7.3 Subscribe for all of your Entitlement and apply for Shortfall Shares**

Eligible Shareholders who take up their Entitlement in full may, in addition to their Entitlement, apply for Shortfall Shares regardless of the size of their present holding by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. See section 8.7 for details of the manner in which Shortfall Shares will be allocated.

A cheque, bank draft or money order should be used for the application money for your Entitlement and the number of Shortfall Shares you wish to apply for as stated on the Entitlement and Acceptance Form.

Alternatively, if you are paying by BPAY®, refer to your personalised instructions on your Entitlement and Acceptance Form. Shareholders who wish to pay by BPAY must ensure that payment is received by no later than 5pm AEST on the Closing Date.

Any refund of application monies will be returned to Applicants as soon as practicable following the issue of all Shortfall Shares.

#### **7.4 Allow all or part of your Entitlement to lapse**

If you are an Eligible Shareholder and do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

If you take no action, your Entitlement will lapse. You will receive no benefit or New Shares and your Entitlement will become Shortfall Shares.

If you wish to participate in the Offer, you must take action to accept your Entitlement in accordance with the instructions above and on the accompanying personalised Entitlement and Acceptance Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

#### **7.5 Payment methods**

##### ***BPAY***

If you are paying by BPAY, refer to your personalised instructions on your Entitlement and Acceptance Form. Shareholders who wish to pay by BPAY must ensure that payment is received by no later than 5.00pm AEST on the Closing Date.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY are received by 5.00pm AEST on the Closing Date.

If you have more than one shareholding and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the Customer Reference Number specific to that shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same Customer Reference Number for more than one of your shareholdings. This can result in your application monies being applied to your Entitlement in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be recognised as valid).

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

##### **Cheque, bank draft or money order**

Alternatively, if you are paying by cheque, bank draft or money order, the completed Entitlement and Acceptance Form must be accompanied by a cheque, bank draft or money order made payable to 'GBM Gold Limited' and crossed 'Not Negotiable' for the appropriate application money in Australian dollars calculated at \$0.006 per New Share accepted. Your cheque, bank draft or money order must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. The Company will present the cheque or bank draft on the day of receipt of the Entitlement and Acceptance Form. You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. Dishonoured cheques will not be represented.

If the amount of your cheque(s), bank draft(s) or money order(s) for application money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is

insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Shares as your cleared application money will pay for (and to have specified that number of New Shares in your Entitlement and Acceptance Form) or your Application may be rejected.

Any refund of application monies will be returned to Applicants as soon as practicable following the issue of all Shortfall Shares

The Entitlement and Acceptance Form must be received by the Company at the following addresses by no later than 5.00pm (AEST) on the Closing Date:

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**By Post To:**

c/- Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne Vic 3001

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## **7.6 Entitlement and Acceptance Form is binding**

Receipt of a completed and lodged Entitlement and Acceptance Form together with a cheque, bank draft or money order for the application monies, or by making a payment in respect of an Application by BPAY, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn.

By completing and returning your Entitlement and Acceptance Form with the requisite application monies, or by making a payment in respect of an Application by BPAY, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (e) declare that you are the current registered holder of Shares and are an Australian or New Zealand resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- (f) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and



- (g) acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

The Entitlement and Acceptance Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon the issue of the New Shares.

If the Entitlement and Acceptance 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 for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the application monies received by the Company.

Any refund of application monies will be returned to Applicants as soon as practicable following the issue of all Shortfall Shares.

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## **8 DETAILS OF THE OFFER**

### **8.1 Shares offered for subscription**

By this Prospectus the Company makes a non-renounceable pro rata offer to Eligible Shareholders on the basis of 1 New Share for every Existing Share held as at the Record Date at a price of \$0.006 per New Share to raise up to approximately \$6.7 million before issue costs. Fractional entitlements will be rounded down to the nearest whole number.

The Offer is only open to Eligible Shareholders. The Company reserves the right to reject any application that it believes comes from a person who is not an Eligible Shareholder.

Details of how to apply for New Shares are set out at section 7.

All New Shares offered under this Prospectus will rank equally with Existing Shares. The rights and liabilities of the New Shares offered under this Prospectus are summarised in section 9.

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

### **8.2 Offer conditions**

The Offer is conditional upon ASX granting the Company with conditional approval for the Company's Shares to be reinstated to ASX with conditions acceptable to the Board.

### **8.3 Minimum subscription**

On the basis that the Offer is fully underwritten, the minimum subscription is also the full subscription under the Offer.

#### **8.4 Acceptances**

This Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Offer period or close the Offer early.

Instructions for accepting your Entitlement are set out in section 7 and on the Entitlement and Acceptance Form which accompanies this Prospectus.

#### **8.5 Underwriting**

The Underwriter has agreed to underwrite all Shortfall Shares not underwritten by the Underwriting Directors (i.e. 916,671,056 New Shares) in accordance with the Underwriting Agreement (with the allocation as determined by the Board and set out elsewhere in this Prospectus). The Underwriter will be paid an underwriting fee of 5% or \$275,000.

The Company is required to reimburse the Underwriter for any reasonable costs incurred by the Underwriter in relation to the Offer.

In accordance with the Underwriting Agreement and as is customary with these types of arrangements:

- (a) the Company has (subject to certain limitations, including where the loss arises through the Underwriter performing its underwriting obligation) agreed to indemnify the Underwriter, its officers, employees, advisers and related bodies corporate, and the officers, employees and advisers of any of its related bodies corporate against losses suffered or incurred in connection with the Offer;
- (b) the Company and the Underwriter have given representations, warranties and undertakings in connection with (among other things) the conduct of the Offer;
- (c) the Underwriter may (in certain circumstances, including, in with respect to the items in sub-paragraphs 8.5(c)(xxi) to 8.5(c)(xxvii) below, having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where:
  - (i) a statement contained in the Offer Materials (defined to be this Prospectus and certain public statements) is or becomes misleading or deceptive or likely to mislead or deceive, or the Offer Materials omit any information they are required to contain;
  - (ii) ASIC or any other person proposes to conduct any enquiry, investigation or proceedings, or to take any regulatory action or to seek any remedy, in connection with the Offer or the Offer Materials, or publicly foreshadows that it may do so;
  - (iii) the Company is prevented from allotting and issuing New Shares within the time required by the Timetable, Listing Rules, applicable laws, an order of a court of competent jurisdiction or a Government Agency;
  - (iv) ASX withdraws, revokes or amends any ASX waivers;
  - (v) ASIC withdraws, revokes or amends any ASIC modifications;

- (vi) any statement or estimate in the Offer Materials which relates to a future matter is or becomes incapable of being met or, in the reasonable opinion of the Underwriter, unlikely to be met in the projected timeframe;
- (vii) there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been publicly announced before the date of the Underwriting Agreement), any of which does or is likely to prohibit or regulate the Offer, capital issues or stock markets in a manner which in the reasonable judgment of the Underwriter would have a material adverse effect on the ability of the Underwriter to promote the Offer or to enforce contracts to issue or allot the Offer Securities or materially adversely affect the taxation treatment of the Offer Securities;
- (viii) the Company ceases to be admitted to the official list of ASX;
- (ix) ASX issues a written statement to the Company or the Underwriter or any of their directors, officers, employees or advisors that it will not grant permission for the official quotation of the Offer Securities;
- (x) approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to the official quotation of the Offer Securities on ASX on or before date agreed, or if granted, the approval is subsequently withdrawn, qualified or withheld;
- (xi) an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer Materials or the Offer or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer Materials or the Offer;
- (xii) the Company withdraws the Offer or the Offer will not otherwise proceed in accordance with the Underwriting Agreement;
- (xiii) one of the following occurs:
  - (A) a general moratorium on commercial banking activities in Australia, the United States or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
  - (B) trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for one day on which that exchange is open for trading or substantially all of a trading day; or
  - (C) the occurrence of any other adverse change or adverse disruption to the political or economic conditions or financial markets in Australia, the United States or the United Kingdom or the international financial markets or any change or development involving a prospective adverse change in national or international political, economic or financial conditions,

in either case the effect of which is such as to make it, in the reasonable judgment of the Underwriter, impractical to promote the Offer (or any component of the Offer) or to enforce contracts to issue and allot the Offer Securities;

- (xiv) any event specified in the timetable is delayed by more than one Business Day without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed);
- (xv) a change in the senior management of the Group or in the board of directors of the Company occurs;
- (xvi) a director of the Company (in his or her capacity as an officer of a company) is charged with an indictable offence or is disqualified from managing a company under sections 206B, 206C, 206D, 206E, 206F or 206G of the Corporations Act;
- (xvii) a Group member breaches, or defaults under, any provision, undertaking covenant or ratio of a material debt or financing arrangement or any related documentation to which that entity is a party which has a material adverse effect on the Company; or
- (xviii) an event of default, potential event of default, review event which gives a lender or financier the right to accelerate or require repayment of the debt or financing or other similar event occurs under or in respect to any such debt or financing arrangement or related documentation;
- (xix) the Company or a member of the Group is Insolvent or there is an act or omission which may result in the Company or a member of the Group becoming Insolvent; or
- (xx) a closing certificate which is required to be furnished by the Company under the Underwriting Agreement is not furnished when required.
- (xxi) any information supplied by or on behalf of the Company to the Underwriter in relation to the Group, or the Offer, is misleading or deceptive or likely to mislead or deceive;
- (xxii) hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of the United States, Australia, New Zealand, the United Kingdom, any member of the European Union, China or Japan or the declaration by any of these countries of a national emergency or war or a major terrorist act is perpetrated involving any of those countries or any diplomatic, military, commercial or political establishment of any of those countries or elsewhere in the world;
- (xxiii) the Company, the Offer or the Offer Materials do not comply with any applicable law or regulatory requirement or there is a contravention by the Company of the Corporations Act, its Constitution, or any of the Listing Rules;
- (xxiv) a default by the Company in the performance of any of its obligations under the Underwriting Agreement occurs;

- (xxv) a warranty or representation contained in the Underwriting Agreement on the part of the Company is or becomes not true or correct;
- (xxvi) any closing certificate given under the Underwriting Agreement by the Company in respect of compliance with its obligations under the Underwriting Agreement and under the Offer and the status of the representations and warranties and termination events is false, misleading, deceptive or inaccurate (whether by omission or otherwise); or
- (xxvii) any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Group (taken as a whole) including:
  - (A) any change in the earnings, future prospects or forecasts of the Group from those disclosed in the Offer Materials; or
  - (B) any change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Group from those respectively disclosed in the Offer Materials; or
  - (C) any Government agency commences any enquiry, investigation or proceedings or takes a public regulatory action or seeks any remedy in relation to the Offer or the Offer Materials against the Company or any of its directors in their capacity as a director of the Company, or announces that it intends to take such action.

## 8.6 Entitlement to Offer

The Offer is made to Eligible Shareholders, who are those Shareholders that:

- (a) are the registered holder of Shares as at 5.00pm (AEST) on the Record Date; and
- (b) have a registered address in Australia or New Zealand.

## 8.7 Shortfall

Any New Shares not applied for under the Offer will become Shortfall Shares. The Directors reserve the right to issue any Shortfall Shares at their discretion within 3 months after the Closing Date (**Shortfall Offer**). Shortfall Shares will be placed in the following order:

- (a) firstly, to Eligible Shareholders applying for Shortfall Shares;
- (b) secondly, to Ineligible Shareholders (including Underwriting Directors) who apply for Shortfall Securities through Sanston Securities and satisfy the Company that Shortfall Shares can be issued to them without undue regulatory costs, up to the number of Shares they hold on the Record Date;
- (c) thirdly, to existing Shareholders who apply and satisfy the Company that Shortfall Shares can be issued to them without undue regulatory costs, for remaining Shortfall Shares;
- (d) fourthly, to new investors introduced by Sanston Securities; and
- (e) finally, to Metropolis.

In allocating Shortfall Shares Sanston Securities and the Directors will endeavour to ensure that there is an appropriate spread of Shareholders that will promote liquidity in the Company's Shares.

The Shortfall Offer is, to the extent it is made in Australia, made under this Prospectus. To the extent the Shortfall Offer is made outside Australia, the Shortfall Offer is made without disclosure, a prospectus, lodgement, filing or registration, or other requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors).

Eligible Shareholders may apply for Shortfall Shares by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. Other investors who are not Eligible Shareholders (including Ineligible Shareholders) may apply for Shortfall Shares using the Shortfall Application Form attached to this Prospectus, which can be obtained from Kit Foo Chye of Sanston Securities ([kitfoo.chye@sanston.com.au](mailto:kitfoo.chye@sanston.com.au) or +61 437 779 092). Persons outside Australia doing so represent to the Company that they can apply for Shortfall Shares in circumstances which do not require the offer for Shortfall Shares or this Prospectus to be registered in their jurisdiction, and should follow the instructions on the Shortfall Application Form (which contains details to send cheques or electronically transfer Application moneys).

It is possible that there may be no Shortfall Shares available for issue.

Subject to the above, the Directors reserve the right at their absolute discretion and subject to the Corporations Act and Listing Rules, issue Shortfall Shares at their discretion, and to reject any application for Shortfall Shares or to issue a lesser number of Shortfall Shares than that applied for. It is an express term of the Shortfall Offer that applicants for Shortfall Shares will be bound to accept a lesser number of Shortfall Shares allocated to them than applied for. If a lesser number is allocated, excess application money will be refunded without interest as soon as practicable after the Closing Date.

#### **8.8 New Zealand Shareholders**

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares. This Prospectus has not been registered, filed or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

#### **8.9 Hong Kong**

**WARNING:** The contents of this document 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 document, you should obtain independent professional advice.

## **8.10 Singapore**

This document and any other materials relating to the rights and the New 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, of rights and New Shares may not be issued, circulated or distributed, nor may these securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except 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.

This document has been given to you on the basis that you are an existing holder of the Company's shares. In the event that you are not such a shareholder, please return this document immediately.

You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the rights or the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire rights or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## **8.11 Treatment of Ineligible Shareholders**

Given the small number of Ineligible Shareholders and the cost of complying with applicable regulations outside Australia and New Zealand, the Company has decided that it would be unreasonable to extend the Offer to Ineligible Shareholders. The Prospectus will not be sent to those Shareholders.

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. No action has been taken to register or qualify the New Shares or the Offer or otherwise to permit an offering of the New Shares in any jurisdiction other than as set out in this section.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia or New Zealand (other than to Eligible Shareholders).

Ineligible Shareholders wishing to subscribe for New Shares are invited to contact Kit Foo Chye of Sanston Securities ([kitfoo.chye@sanston.com.au](mailto:kitfoo.chye@sanston.com.au) or +61 437 779 092) to discuss.

#### **8.12 Beneficial holders, nominees, trustees and custodians**

The foreign selling restrictions under the Offer summarised in section 8.9 of this Prospectus apply to the underlying beneficial holder. Nominees, trustees and custodians must not apply on behalf of any beneficial holder that would not itself be an Eligible Shareholder. Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how they should proceed. Shareholders who hold Shares on behalf of persons whose registered address is not in Australia or New Zealand are responsible for ensuring that applying for New Shares does not breach securities laws in the relevant overseas jurisdictions.

Nominees and custodians that hold Shares should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

#### **8.13 Allotment and application money**

New Shares will be issued only after all application money has been received and ASX has granted permission for the New Shares to be quoted. It is expected that New Shares will be issued on 9 September 2019 and normal trading of the New Shares on ASX is expected to commence on 10 September 2019.

All application monies will be deposited into a separate bank account of the Company and held in trust for Applicants until the Shares are issued or application monies returned. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

#### **8.14 Quotation**

The Company will apply to ASX within 7 days after the date of this Prospectus for quotation of the New Shares offered by this Prospectus on ASX. If ASX does not grant permission for the quotation of the New Shares offered under this Prospectus within 3 months after the date of this Prospectus, or such longer period as modified by ASIC, none of the New Shares offered by this Prospectus will be allotted or issued. In these circumstances, all Applications will be dealt with in accordance with the Corporations Act including the return of all application monies without interest.

A decision by ASX to grant official quotation of the New Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company or of the New Shares.

Quotation, if granted, of the New Shares offered by this Prospectus will commence as soon as practicable after statements of holdings of the New Shares are dispatched.

#### **8.15 Market prices of Existing Shares on ASX**

The Company's Shares have been suspended from trading on ASX since 10 October 2018.

#### **8.16 CHESS**

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). CHESS is operated by ASX Settlement Pty Ltd (**ASPL**), a wholly owned subsidiary of ASX.



Under CHESS, the Company does not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company, including New Shares issued under this Prospectus. If an investor is broker sponsored, ASPL will send a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

#### **8.17 Taxation and duty implications**

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Offer or Shareholders applying for New Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in the Offer. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Offer.

No brokerage or stamp duty is payable by Applicants in respect of Applications for New Shares under this Prospectus.

#### **8.18 Privacy**

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporates, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

The Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

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. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

### **8.19 Enquiries**

Any queries regarding the Offer should be directed to the Company Secretary on +61 418 401 049.

Shareholders with a registered address outside Australia or New Zealand who may wish to subscribe for Shortfall Shares should contact Kit Foo Chye of Sanston Securities ([kitfoo.chye@sanston.com.au](mailto:kitfoo.chye@sanston.com.au) or +61 437 779 092) to discuss.

You can also contact your stockbroker or professional adviser with any queries in relation to the Offer.

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## **9 RIGHTS AND LIABILITIES ATTACHING TO SECURITIES**

### **9.1 Rights and liability attaching to Shares**

Full details of the rights and liabilities attaching to the Shares are:

- detailed in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

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

#### **(a) Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. Voting may be in person or by proxy, attorney or representative.

#### **(b) Dividends**

Except as otherwise required by the Corporations Act and to the terms on which shares are on issue and the rights and restrictions attaching to shares, the Directors may from time to time:

- (i) declare dividends (whether final or interim) to be paid to members on such terms, including the amount and the time for and the method of payment, as the Directors think fit; or
- (ii) determine that a dividend is payable, fix the amount and time for payment.

(c) Future issues of securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

(d) Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Board.

(e) Meetings and notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules.

Shareholders may requisition meetings in accordance with the Corporations Act.

(f) Liquidation rights

The Company has one class of shares on issue, ordinary shares. Each ordinary Share ranks equally in the event of liquidation.

(g) Variation of rights

Subject to the Corporations Act and Listing Rules, the rights attached to the Shares may be varied in accordance with the Corporations Act.

(h) Election of directors

At every annual general meeting one third of the Directors (rounded up to the nearest whole number) must retire from office. Any Director who would have held office for more than 3 years if that Director remains in office until the next general meeting must retire. These retirement rules do not apply to certain appointments including the managing director.

(i) Indemnities

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

(j) Winding up

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, on a winding up of the Company any surplus must be divided among the shareholders of the Company.

(k) Shareholder liability

As the Shares offered under the Prospectus are fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(l) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(m) Listing Rules

If the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the 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 (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

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## 10 ADDITIONAL INFORMATION

### 10.1 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the Official List during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities

in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the period from lodgement of the Company's annual financial statements of the Company for the financial year ended 30 June 2018 to 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.

The Company confirms that, to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in this Prospectus, there is no information

- (a) that has been excluded from a continuous disclosure notice in accordance with ASX Listing Rules; and
- (b) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
  - (ii) the rights and liabilities attaching to New Shares.

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

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

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial statements of the Company for the financial year ended 30 June 2018 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
  - (ii) any half-year financial report lodged with ASIC by the Company after the lodgement of that annual report and before the lodgement of this Prospectus; and
  - (iii) any continuous disclosure notices given by the Company after the lodgement of the financial statements referred to in paragraph (i) and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours or from [asx.com.au](http://asx.com.au).

The Company has lodged the following announcements with ASX since its 2018 annual report was lodged with ASX on 28 September 2018:

<b>Date</b>	<b>Description of Announcement</b>
07/08/2019	Update on Rights Issue
01/08/2019	GBM Quarterly Report
30/07/2019	Update on Rights Issue
07/06/2019	Rights Issue Shortfall
24/05/2019	Rights Issue Prospectus Dispatch
23/05/2019	Woodvale Solar Project
23/05/2019	GBM Investor Presentation
15/05/2019	Amended Appendix 3B
15/05/2019	Letter to Ineligible Shareholders
15/05/2019	Letter to Eligible Shareholders
15/05/2019	Prospectus
15/05/2019	Half yearly accounts
13/05/2019	Appendix 3B
10/05/2019	GBM Gold Business Update
01/05/2019	Director Appointment/Resignation
30/04/2019	Final Director's Interest Notice
23/04/2019	Quarterly Activities and Cashflow Report
14/03/2019	GBM Gold Receives \$1.2 Million
31/01/2019	Quarterly Activities Report
20/12/2018	GBM Corporate Update
11/12/2018	Final Director's Interest Notice
03/12/2018	CEO Presentation at AGM
30/11/2018	Results of AGM

Date	Description of Announcement
28/11/2018	GBM Corporate Update
16/11/2018	GBM Gold Corporate Update
02/11/2018	Notice of Annual General Meeting/Proxy Form
25/10/2018	GBM Gold Receives \$3M Loan
25/10/2018	Quarterly Activities Report
23/10/2018	Extension of Voluntary Suspension
16/10/2018	Request for Extension of Voluntary Suspension
11/10/2018	Voluntary Suspension Request
11/10/2018	Suspension from Official Quotation
09/10/2018	Trading Halt
04/10/2018	GBM Gold Receives \$2.75m Investment
03/10/2018	Appendix 4G and Corporate Governance Statement

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours or from [www.asx.com.au](http://www.asx.com.au).

## 10.2 Directors' interests

The Directors have not received any remuneration over the two year period prior to the date of this Prospectus.

As at the date of this Prospectus the Directors have a relevant interest in securities of the Company as set out below.

	Shares	Directors' underwritten Shares
Eric JP Ng	1,648,500	1,648,500
Paul Chan	80,657,041	Nil
Andy Lai	27,035,342	Nil
Jianping Wang	200,000,000	200,000,000
Linda Lau	4,500,000	Nil <sup>1</sup>

<sup>1</sup> Messrs Paul Chan, Andy Lai and Ms Linda Lau will not participate in the Offer.

The Constitution provides that the Directors may be paid for their services as Directors. Non-executive directors may only be paid a sum not exceeding \$200,000 (or such other fixed sum per annum as may be determined by the Company in general meeting), to be divided among the non-executive directors and in default of agreement then in equal shares.

The Company also pays premiums to insure all of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting in the capacity as a Director of the Company.

The Underwriting Directors between them hold approximately 18.03% of the Company's Shares. These Directors, or in the case of Ms Wang the entity she controls, have registered addresses outside Australia and, as a result, are not eligible to participate in the Offer. So that they can be issued New Shares and to comply with the Listing Rules (which prohibits an entity from placing shortfall with related parties), the Underwriting Directors have each agreed to underwrite the Offer for that number of Shortfall Shares equal to the number of Shares held on the Record Date. The underwriting commitment is conditional only upon the Company completing the Offer. The Underwriting Directors will not be paid any fee.

The Company's Directors, other than the Underwriting Directors, have determined that the underwriting agreement given by the Underwriting Directors is on terms that are reasonable in the circumstances if the Company and the Underwriting Directors were dealing at arm's length so that Shareholder approval is not required for the agreements.

The Company is indebted to Silver Bright International Development Limited (**SBID**), an entity associated with Ms Jianping Wang, for approximately \$750,000 (**SBID Loan**). The background to, and terms of, the loan are as follows:

- (a) SBID provided a \$1,100,000 loan to the Company in May 2017. The loan was unsecured, accrued interest at 6% per annum and was repayable within 2 months.
- (b) \$550,000 of the loan was repaid in August 2017, with the balance to be repaid by 31 December 2017.
- (c) On 11 January 2019 SBID advanced a further \$200,000; giving a balance owing of \$750,000 plus interest.
- (d) The loan is repayable on demand.

The Company is indebted to Giant Master Limited (**GML**), an entity associated with Ms Jianping Wang, for \$800,000 (**GML Loan**). The background to, and terms of, the loan are as follows:

- (a) On 3 July 2019 GML entered an agreement with Unity Mining under which Unity Mining would assign its debt and security to GML in consideration for GML paying the full amount of the debt owed by the Company to Unity Mining.
- (b) GML paid Unity Mining \$800,000 prior to the parties terminating the agreement.
- (c) GML, Unity Mining and the Company have agreed that the Company's debt owed to Unity Mining has been reduced by \$800,000 and (between the Company and GML) that the Company is indebted to GML for \$800,000. That debt does not accrue interest and is repayable upon completion of the Offer.

SBID, GML and the Company have agreed to partially set off the balance owing under the SBID Loan and GML Loan against SBID's underwriting commitment of \$1.2 million (see above), with



the balance of the combined debt (\$350,000) to be repaid in cash from the proceeds of the Offer.

The Company is indebted to Eric Ng for \$9,891. The background to, and terms of, the loan are as follows:

- (d) Prior to the close of the May Rights Issue Mr Ng transfers fund to a trust account in Australia to satisfy his underwriting obligation under the May Rights Issue.
- (e) Mr Ng and the Company subsequently agreed that the Company could borrow those funds to meet expenses incurred in Australia in relation to the May Rights Issue and the Offer.
- (f) The debt is to be repaid by way of set-off against Mr Ng's commitment to underwrite the Offer.
- (g) The debt is repayable upon demand in the event the Offer is withdrawn.

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgement of this Prospectus with ASIC, any interest in:

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

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (d) to a Director or proposed Director or to any firm which any such Director is a partner, to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director or to any firm which any such Director is a partner, in connection with the formation or promotion of the Company or the Offer.

### **10.3 Interests of promoters and named persons**

Except as disclosed in this Prospectus, no expert, 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 in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

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

Sanston Securities Australia Limited has acted as corporate advisor to the Offer. The fees to be paid for this service are set out in section 5.7. Sanston Securities has not received any fees for services to the Company in the 2 years prior to the date of this Prospectus.

## 10.4 Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgement of this Prospectus with ASIC withdrawn their written consent:
  - (i) to be named in the Prospectus in the form and context which it is named; and
  - (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) has not caused or authorised the issue of this Prospectus;
- (c) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than specified below;
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with the consent of that person.

Name	Role
Sanston Securities Australia Limited	Corporate Advisor
Metropolis Enterprises Group Limited	Underwriter

## 10.5 Expenses of the Offer

The total expenses of the Offer are estimated to be \$375,000, consisting of the following:

Cost	\$
Corporate advisory fees	30,000
Underwriting fees	275,000
Legal fees	25,000
ASX and ASIC fees	20,000
Printing, postage and other expenses	15,000
Other	10,000
<b>Total</b>	<b>375,000</b>

These expenses have or will be paid by the Company. The Company has also agreed to pay Sanston Securities 5% on Shortfall Shares placed by Sanston Securities.

## **10.6 Litigation**

As at the date of this Prospectus and other than those potential proceedings the Company may initiate in relation to its mining tenements as set out in section 6.2(a) , the Company is not involved in any other legal proceedings of a material nature and the Directors are not aware of any other legal proceedings pending or threatened against the Company.

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## 11 DIRECTORS' RESPONSIBILITY AND CONSENT

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 14 August 2019



.....  
Signed for and on behalf of GBM Gold Limited  
By Eric JP Ng  
Non-Executive Chairman

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## 12 GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

<b>\$, A\$ or Dollars</b>	Australian dollars unless otherwise stated.
<b>AEST</b>	Australian Eastern Standard Time
<b>Applicant</b>	a person who submits a valid Entitlement and Acceptance Form pursuant to this Prospectus.
<b>Application</b>	a valid application made on an Entitlement and Acceptance Form to subscribe for New Shares pursuant to this Prospectus.
<b>ASIC</b>	the Australian Securities & Investments Commission.
<b>ASX</b>	ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.
<b>Board</b>	the board of Directors.
<b>Business Day</b>	Monday to Friday inclusive, except any day that ASX declares is not a business day.
<b>Closing Date</b>	the date set out in section 1.
<b>Company or GBM</b>	GBM Gold Limited (ACN 119 956 624).
<b>Constitution</b>	the constitution of the Company.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Department</b>	the Department of Jobs, Precincts and Regions (Government of Victoria).
<b>Director</b>	a director of the Company.
<b>Eligible Shareholders</b>	a Shareholder as at the Record Date with a registered address in Australia or New Zealand.
<b>Entitlement or Right</b>	a Shareholder's entitlement to subscribe for New Shares offered by this Prospectus.
<b>Entitlement and Acceptance Form</b>	the personalised entitlement and acceptance form attached to this Prospectus.
<b>Ex Date</b>	the date set out in section 1.
<b>Existing Share</b>	a Share issued as at 5.00pm (AEST) on the Record Date.
<b>GML</b>	Giant Master Limited

<b>GML Loan</b>	has the meaning given in section 10.2.
<b>Ineligible Shareholder</b>	a Shareholder who is not an Eligible Shareholder.
<b>Kralcopic</b>	Kralcopic Pty Ltd ACN 007 222 086 (a wholly-owned subsidiary of the Company).
<b>Listing Rules</b>	the listing rules of the ASX.
<b>May Rights Issue</b>	means the entitlement offer made by the Company under a prospectus lodged with ASIC on 15 May 2019 and which was withdrawn on 7 August 2019.
<b>Metropolis, MEG or Underwriter</b>	Metropolis Enterprises Group Limited.
<b>Minister</b>	the Minister having responsibility for the Department.
<b>MRSDA</b>	Mineral Resources (Sustainable Development) Act 1990 (Vic).
<b>New Shares</b>	Shares issued pursuant to this Prospectus.
<b>Nex Kiwi</b>	Nex Kiwi Group Holdings Limited.
<b>Offer</b>	an offer made under this Prospectus to subscribe for New Shares.
<b>Official List</b>	the official list of the ASX.
<b>Opening Date</b>	the date set out in section 1.
<b>Option</b>	an option to be issued a Share.
<b>Prospectus</b>	this Prospectus and includes the electronic prospectus.
<b>Record Date</b>	the date set out in section 1.
<b>Sanston Securities</b>	Sanston Securities Australia Pty Limited.
<b>SBID</b>	Silver Bright International Development Limited.
<b>SBID Loan</b>	has the meaning given in section 10.2.
<b>Share</b>	a fully paid ordinary share in the Company.
<b>Share Registry</b>	Computershare Investor Services Pty Limited.
<b>Shareholder</b>	the registered holder of Shares in the Company.
<b>Shortfall Offer</b>	has the meaning given in section 8.7.

<b>Shortfall Shares</b>	New Shares for which valid Applications have not been received by the Closing Date.
<b>Underwriting Agreement</b>	the underwriting agreement between the Company and Metropolis dated 24 July 2019.
<b>Underwriting Directors</b>	Directors Eric Ng and Jianping Wang, or their controlled entities.
<b>Underwritten Amount</b>	\$6,709,917.
<b>Unity Mining</b>	Unity Mining Pty Limited.
<b>US person</b>	has the meaning given to that term in Regulation S under the US Securities Act.
<b>US Securities Act</b>	the <i>United States Securities Act of 1933</i> , as amended.

### 13 PRO FORMA STATEMENT OF FINANCIAL POSITION

GBM Group Consolidated Balance Sheet					30/06/2019	Rights Issue Entries	Pro forma
					\$'000		\$'000
<b>Assets</b>							
Cash					19	2,120	2,139
Debtor					275		275
Plant & equipment held for sale					3,773		3,773
<b>Total Current Assets</b>					<b>4,067</b>		<b>6,187</b>
<b>Non-Current Assets</b>							
Other financial assets					5,963		5,963
Property, plant & equipment & mine development					286		286
Exploration & evaluation					629		629
<b>Total Non-Current Assets</b>					<b>6,878</b>		<b>6,878</b>
<b>Total Assets</b>					<b>10,945</b>		<b>13,065</b>
<b>Current Liabilities</b>							
Trade and other payables					757	-182	575
Financial liabilities					5,023	-4,023	1,000
Provisions					91		91
<b>Total Current Liabilities</b>					<b>5,871</b>		<b>1,666</b>
<b>Non-Current Liabilities</b>							
Financial liabilities					0		0
Provisions					5,985		5,985
<b>Total Non-Current Liabilities</b>					<b>5,985</b>		<b>5,985</b>
<b>Total Liabilities</b>					<b>11,856</b>		<b>7,651</b>
<b>Net Assets</b>					<b>-911</b>		<b>5,414</b>
<b>Equity</b>							
Share capital					27,951	6,325	34,276
Accumulated losses					-28,862		-28,862
<b>Total equity</b>					<b>-911</b>		<b>5,414</b>



# GBM Gold Limited

ABN 59 119 956 624

## For all enquiries:

Phone:  
 GBM Gold Limited +61 418 401 049

GBM


MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000

## Make your payment:



See overleaf for details of the Offer and how to make your payment

## Non-Renounceable Pro Rata Offer — Entitlement and Acceptance Form

 **Your payment must be received by 5:00pm (AEST) Monday, 2 September 2019**

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

### Step 1: Registration Name & Offer Details

Details of the shareholding and entitlements for this Offer are shown overleaf.

Please check the details provided and update your address via [www.investorcentre.com](http://www.investorcentre.com) if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

### Step 2: Make Your Payment

You can apply to accept either all or part of your Entitlement. If you accept your full Entitlement, you can also apply for Additional New Shares. Enter the number of New Shares you wish to apply for and the amount of payment for those New Shares.

By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Prospectus dated 14 August 2019.

Choose one of the payment methods shown below.

**BPAY®:** See overleaf. Do not return the payment slip with BPAY payment.

**By Mail:** Complete the reverse side of the payment slip and detach and return with your payment. Make your cheque, bank draft or money order payable in Australian dollars to "**GBM Gold Limited**" and cross "**Not Negotiable**". The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the payment slip. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.

**Turn over for details of the Offer →**

## IND

123456789123456789+0000000001-3051+14